SWINS

Sustainable Well-being through INvestment in Social Services

THEORETICAL FRAMEWORK

SWINS – Sustainable Well-being through Investment in Social services

August 2025

Funded by the European Union

Funded by European Union's Horizon Europe Programme under Grant Agreement No. 101177566

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Cite as

Ciani F. and Fattacciu I., (2025), *Theoretical Framework for SWINS – Sustainable Well-being through Investment in Social Services*, D2.1, SWINS – Sustainable Well-being through Investment in Social Services, ARCO, research lab at PIN Foundation. Available at: www.swins.eu

Acknowledgments

The authors would like to thank all SWINS partners for their valuable input provided through various meetings and communications. We are also grateful to all the members of Scientific Advisory Board. Special thanks to Sebastiano Sabato, Enrico Giovannini, Paul Anand, and Joseph Benczur for their availability, reading suggestions, and stimulating exchanges. Special thanks to Barbara Palla for the layout, form shapes substance.

Disclaimer

This Theoretical Framework for the project SWINS has been prepared by ARCO, research lab at PIN Foundation as part of Task 2.1 "Elaboration of the theoretical and analytical framework" Work Package 2. This task consists in integrating different critical perspectives (sustainable wellbeing, intersecting inequalities, capability approach, and a system perspective), offering critiques to mainstream approaches to social investment theories to align them with rights-based and eco-social perspectives to social services and assess their role within the transition towards sustainable wellbeing to obtain an advanced and robust theoretical and analytical framework to guide research activities and policy engagement.

 The project SWINS is funded by European Union's Horizon Europe Programme under Grant Agreement No. 101177566.

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1. Why a theoretical framework for SWINS

Europe is currently experiencing a profound transformation. The confluence of environmental crises, increasing competition for resources, technological disruption, demographic shifts, and growing geopolitical instability is redefining the challenges faced by contemporary societies (European Environment Agency, 2015; Joint Research Centre, 2023). At the core of sustainability transition lies a paradox (Hoekstra et al., 2024): while the need for a sustainable and inclusive reconfiguration of the economy has become urgent, the dominant political and economic discourse increasingly focuses on competitiveness (often understood narrowly as labour productivity), technological advancement, and GDP growth. Last but not least, the need to address the consequences of the Russian-Ukrainian war, along with a broader context of escalating geopolitical instability, is driving a global increase in military expenditure, a trend that is likely to affect EU countries as well diverting resources that could have otherwise been allocated to support green, digital, and social transitions

This trend is evident in the evolving priorities of the European Union's economic governance, from the "Next Generation EU" recovery plan to the new "European Competitiveness Agenda" reflected in the Draghi Report (European Commission, 2024). In this context, competitiveness is depicted as the pivotal element for safeguarding prosperity, digital sovereignty, and strategic autonomy in a global landscape marked by escalating international competition. However, a critical tension emerged, as if competitiveness is framed purely in market and productivity terms, social policies risk being relegated to a secondary, compensatory role, viewed as costs to be contained rather than as essential investments in societal resilience and economic sustainability (Vandenbroucke, 2017; Hemerijck, 2017; Umbach & Tkalec, 2021; Baiocco, Alcidi, Corti, & Di Salvo, 2022). Recent institutional developments, however, have begun to challenge this dichotomy. The European Pillar of Social Rights (EPSR) Action Plan launches two strong signals. First, from a political point of view, by operationalising the EPSR, it strengthens the idea that being a Europen citizens also means (or should also mean) to enjoy a fair level of social rights. Second, from an operational point of view, it aims to reduce the number of people at risk of poverty or social exclusion by at least 15 million by 2030, thereby reaffirming the Union's commitment to social inclusion and well-being. Furthermore, the Letta Report (2024) presents a compelling vision of the EU as "much more than a market," advocating for a revitalized Single Market that incorporates social and environmental objectives as inherent components of European competitiveness.

In this context, long-term resilience - defined as the capacity of societies to absorb shocks, adapt to structural changes, and eventually transform themselves while maintaining core functions over time (Manca, Benczur and Giovannini, 2017)- must be recognized not as an alternative to competitiveness, but as its foundational precondition. This suggests a re-evaluation of social investment, public infrastructure, education, and health. Rather than perceiving these as passive expenditures, they should be regarded as strategic assets and investment that enhance a society's

SOCIAL SERVICES ARE NOT COMPENSATORY EXPENDITURES, BUT STRATEGIC ASSETS THAT ENHANCE A SOCIETY'S ABILITY TO NAVIGATE UNCERTAINTY.

capacity to navigate uncertainty and foster inclusive prosperity in the long term (Verbist, 2017; Plavgo, 2023).

Social services and policies (including but not limited to education, healthcare, early childhood care, long-term care, family planning, housing support, and active labour market policies) have been identified as pivotal drivers of sustainable competitiveness and inclusive prosperity. It has been argued that such mechanisms are not merely "corrective" in nature, intended to redistribute market outcomes ex post or to reallocate resources through ex ante Pigouvian transfers. Rather, they are considered to be productive institutions that expand individual and collective capabilities (Sen, 1999; Nussbaum, 2011), enhance human capital while having a broader impact on human development (Walker, 2021), stabilize the level of rights enjoyment over the life course, and promote innovation and adaptability (Heckman, 2006). Hirschman (1957) was calling these elements as part of the Social overhead capital (SOC) to relevant for economic and social development, while others have noticed two synergies one among basic-social Services (BSS) and the second with the production system and thus the relevant nexus between these BSS and the competitiveness discourse (Taylor, 2006, Mehrotra and Delamonica, 2007).

While the provision and organisation of these services primarily fall within the jurisdiction of Member States, their transformative potential is increasingly influenced by the EU legal and policy framework (Ferri & López, 2019). The term encompasses three distinct categories of EU-related financial instruments and policies. The first category is EU hard law, which comprises legal regulations concerning state aid, competition, and the internal market. The second category is EU soft law, encompassing strategies and policies formally adopted by EU institutions and member states. The third category is relevant EU financial instruments, including the European Social Fund+, the Cohesion and Structural Funds, among others.

SWINS is part of the paradigm shift in the way welfare is conceptualized and operationalized within the European context. Departing from the conventional interpretation of welfare as a reactive system intended to safeguard individuals from market failures, our objective is to fortify a strategic vision in which social policy functions as a pivotal catalyst of competitiveness, long-term resilience, and sustainable well-being (Morel, Palier, and Palme, 2012; Hemerijck, 2017; Vandenbroucke, 2017). In this context, we adopt the expression "social services and policies" to encompass both in-kind interventions (such as early childhood education and care, healthcare, long-term care, and housing support) and enabling social policies, including active labour market measures, unemployment benefits, and minimum income schemes. These services and policies are not treated as discrete instruments, but rather as interconnected elements that function simultaneously as enablers of individual agency and as structural mechanisms for macro-social stability. For analytical and operational purposes, SWINS will primarily focus on three core domains that can be meaningfully addressed through both micro-level simulations and macro-level assessments: **care** (broadly conceived across the life course), **health**, and **active labour market policies**. While this focus does

not exhaust the range of relevant interventions, it provides a coherent basis for exploring the transformative potential of social investment within the scope of the project.

Given the complexity, SWINS acknowledges that the current debate on social policies and services theoretically and in practice is multi-layered. Indeed, the different layers of debate entail the existence of hegemonic and non-hegemonic or counter-hegemonic narratives (De Graaf & Maier, 2017; León, Ranci, Sabatinelli, & Ibáñez, 2019). Drawing on Gramsci (1975), a hegemonic discourse can be understood as a set of ideas, meanings, and values that become dominant not (or not only) through coercion, but through the construction of cultural and ideological consensus. In this perspective, hegemony is maintained by securing the active consent of social groups, who come to perceive particular interests or visions of development as universal and common sense. Importantly, hegemony is not a static or uncontested condition: it is a dynamic and constantly renegotiated process, shaped by struggles among competing social forces and narratives. In this sense, even seemingly consolidated hegemonic discourses remain open to critique and transformation.

Considering the foundational idea of development that should guide the action of EU institutions, it is possible to observe significant shifts in the hegemonic narrative over the last few years. Starting around 2018, there was a growing sensitivity within the EU towards sustainability issues and the need to structure a development model capable of remaining within planetary boundaries. This shift was strongly influenced by social mobilisations - e.g. the Fridays for Future movement etc - which helped push climate change and ecological transition to the centre of the European political agenda. As a consequence, the EU began to frame the Green Transition not merely as an environmental goal, but as a main driver for economic and social renewal (European Commission 2019, 2020 and 2021). This approach became particularly visible in the response to the COVID-19 crisis, where the idea was not to simply “bounce back” to the previous status quo, but rather to “bounce forward” towards a more sustainable and inclusive development path. This vision was institutionalised through initiatives such as the European Green Deal and the NextGenerationEU plan, which explicitly linked recovery to ecological and social.

The scenario has changed dramatically in the following years, and particularly since February 2022, with the start of the Russian Federation’s invasion of Ukraine. This shift has been further accelerated under the second Von der Leyen Commission. In this phase, the Commission’s action has increasingly been articulated around the concept of competitiveness, as a key strategic narrative for the EU’s future. This new emphasis is clearly illustrated in policy documents such as the *Annual Single Market and Competitiveness Report* (European Commission, 2024), often referred to as the Competitiveness Compass, which frames competitiveness not merely as an economic objective but as the central pillar guiding Europe’s resilience, security, and technological sovereignty. As a consequence, the earlier prominence of the inclusive and sustainable transition narrative has been partly overshadowed by the imperative to strengthen Europe’s global position in critical sectors, secure supply chains, and respond rapidly to geopolitical tensions, economic disruptions and increasing competition for resources (Distefano, Lodi and Biggeri, 2024).

We therefore find ourselves needing to situate social welfare and policies within two different discursive planes. On the one hand, in line with the currently hegemonic narrative centred on competitiveness, we are called to emphasise the extent to which investment in social policies and services can contribute to economic growth and competitiveness. From this perspective, social

investment is primarily understood as a means to support productivity, foster human capital formation, and increase labour market participation. By doing so, it helps to generate the resources needed to ensure its own financial sustainability, provided that an appropriate time span is taken into account when assessing the return on investment. Mobilising this competitiveness-oriented discourse is also necessary to achieve impact in the short term, by linking social policies to measurable economic outcomes that are politically salient in the current context. For instance, the ongoing negotiations concerning the EU budget (which commenced in January 2025) are expected to be more receptive to arguments underscoring the role of social policies and services as instruments for development and as catalysts for their own financial sustainability in the medium term.

Nonetheless, EU institutions and European societies are far from being monolithic entities. Transformative ambitions toward an inclusive and sustainable well-being society still enjoy substantial support that could lead to reverse the current hegemonic order. As a matter of facts, even in the context of the present priority attributed to growth and competitiveness, this does not imply that the space for debating the role of social policies and services within a sustainability transition framework is monolithically precluded within the EU institutions. Conversely, relevant actors within and surrounding these institutions continue to be receptive to such lines of argumentation, particularly when articulated in relation to broader societal objectives and the pursuit of long-term resilience. While this discourse is not currently dominant enough to impose itself as hegemonic, it holds significant potential to do so in the near future - especially considering the ongoing structural transformations discussed later in this document. This second layer of debate emphasizes the transformative role of investment in social policies and services as a driving force for the transition toward an inclusive and sustainable well-being society. This perspective provides a foundational framework by situating the analysis within a broader discourse addressing the structural incongruity between the prevailing development model and planetary boundaries. It highlights the potential of reimagining social policies as catalysts for systemic transformation. It is important to emphasize that, while identifying potential connections between the two discursive layers is valuable, SWINS does not aim to reach a synthesis. On the contrary, it starts from the premise that irreducible differences between these narratives may exist, and acknowledges that such differences must be carefully considered in the design and implementation of research, communication and impact activities.

In addition to the two discursive layers outlined above, SWINS identifies a third layer pertaining to the rationale for a rights-based approach perspective. This perspective asserts that, coherently with the EPSR, investment in social services and policies is fundamentally intended to facilitate the full and effective enjoyment of a given level of social rights for all individuals within the European Union. It is imperative to acknowledge that this should be regarded as an independent objective. Consequently, potential discrepancies may emerge between narratives that conceptualize investment in welfare as a policy instrument intended to achieve other objectives, such as growth or fiscal consolidation, and those that identify the realisation of social rights as the ultimate goal of such investment. Therefore, according to a right-based perspective, the primary metric by which its return should be evaluated is the realisation of social rights. In SWINS, we are particularly interested in exploring elements of complementarity as well as divergencies between this rights-based layer and the other two discursive layers. This approach allows for a more comprehensive understanding of

social policies and services, and supports the design of impact activities that are both effective and socially just (Ciani, Biggeri, & Francescutto, 2023).

A fundamental analytical challenge that SWINS endeavours to address is the development of a framework capable of tracing the influence of alternative macro-configurations of social services and policies on key societal outcomes. These outcomes are influenced by the impact of these services and policies on individuals' lives, behaviours, and achievements. The aforementioned outcomes encompass both conventional indicators, such as economic growth and employment, and more transformative objectives linked to the transition toward a sustainable and inclusive wellbeing society. This transition can only be meaningfully pursued through an analytical pathway that fully acknowledges and leverages the complementarities between a systemic vision and an agent-based perspective.

In this reimagined framework, social services are understood along two interrelated dimensions. Firstly, they function as enablers of individual and collective capabilities, providing the foundational conditions for effective labour market participation, continuous skills development, innovation, and social cohesion. Secondly, they function as macro-stabilizers, mitigating the effects of economic shocks, reducing inequality, sustaining internal demand, and preserving democratic legitimacy. It is imperative to note that these dual roles become particularly salient during periods of significant societal transition, which serve to amplify the risks and opportunities for transformation that European societies face. This dual role underscores the necessity for an integrated approach to investment in social services and policies, one that combines a systemic perspective with a focus on individual and collective agency (Mehrotra and Delamonica, 2007; Bonoli, 2012; Nolan, 2013). In this respect, the Coleman Boat (Coleman 1990) provides an overarching schema to structure the analytical procedure implemented in SWINS to articulate how macro-level institutional settings and welfare policies configurations influence individual behaviour and preferences, and how, in turn, the aggregation of these actions can reinforce or reshape systemic outcomes.

Therefore, the theoretical foundation of SWINS draws upon a robust interdisciplinary literature that integrates normative, analytical, and institutional perspectives. At its core lies the Capability Approach, developed by Amartya Sen (1999) and Martha Nussbaum (2000) and many other scholars, which posits that development should be understood in terms of expanding the real freedoms that individuals enjoy - what they are able to do and to be. Capabilities, in this sense, are not merely endowments but relational achievements shaped by policy, institutional arrangements, and social contexts. In the context of SWINS, the Capability Approach serves as a conceptual anchor for understanding three key assumptions: first, that what appears as individual performance is in fact the outcome of multilayered and relational processes; second, individual achievements contribute to shape societal performances both through the transformative feedback loops linked to the aggregate effect of the deployment of individual agency and through explicit forms of collective actions (Biggeri and Ferrannini, 2014) and third, that what counts as valuable, both individually and collectively, is the subject of ongoing negotiation and social evolution. Any social and economic arrangements should be valued in terms of individual and collective capabilities as well as in term of individual and collective/society achieved functioning. Therefore, SWINS use the Capability approach to disentangle the complexity of the socio-economic system and the process of generating of opportunity freedoms (capability set) and the role of individual, social and environmental conversion factors and it operationalizes this approach focusing and identifying observable outcomes (achieved

functioning) that can serve as proxies for capability expansion and of rights fulfillment (process freedom), such as participation in education and the labour market, access to care, inclusion, empowerment, but also those outcomes connected to societal achieved functioning. This effort resonates with recent reflections on the methodological challenges of capturing multidimensional wellbeing, which highlight the need for integrated approaches combining economic, social, and environmental indicators (Hemerijck, Ronchi and Plavgo, 2023). These elements are in continuous evolution and, hence, influence and are influenced by the structure and the institutions of our society.

SWINS is based on this interdisciplinary framework and pursues five key objectives. *First*, the goal is to find out which social services are worth the money and can improve people's lives over time. We're especially interested in services that help people grow and develop, reduce inequalities between generations, and encourage people to be capable and active citizens. Secondly, it tries to explain how these factors affect relevant economic factors, like employment, income distribution, financial stability, and domestic demand. Thirdly, SWINS creates a clear model that combines small-scale effects with large-scale results, allowing for a more complete evaluation of policy impact. Fourthly, the framework provides a way to include social investment evaluation in the tools used to assess financial and policy issues. This allows policymakers to consider long-term benefits alongside short-term costs which form a SWINS perspective are investment. Finally, SWINS wants to change how Europe manages its economy. It suggests that we include measures of wellbeing, social connection, and environmental sustainability with the usual indicators of competitiveness. SWINS is about more than just spending more on social programs. Instead, it suggests a new way of talking about policy, focusing on how investments are made instead of how much is spent. This approach describes a way to put the idea of long-term resilience into practice (Béné et al., 2014; Jacon et al., 2020).

Why a Theoretical Framework for SWINS?

Main takeaways

- The EU is facing profound structural transitions, where competitiveness risks overshadowing social inclusion and resilience.
- Long-term resilience is a precondition for sustainable prosperity and competitiveness.
- Social services and policies need to be reconceptualized as drivers of inclusive growth and macroeconomic stability.
- Our project navigates three overlapping logics: productivity, sustainability, and rights-based approaches.

2. Framing SWINS: Theoretical foundations, analytical lenses, and substantive focus

The conceptual architecture of SWINS rests on a multi-layered theoretical framework. Rather than relying on a single paradigm or disciplinary tradition, as explained before, the project draws on a range of approaches that together provide the foundation for its research agenda. This section articulates these approaches across three interconnected levels.

- First, we identify **theoretical foundations** that shape the overarching intellectual landscape in which SWINS is situated - including normative traditions and critical engagements with contemporary capitalism, welfare regimes, and the role of the state
- Second, we present the **analytical lenses** through which SWINS interprets processes of change and stasis in social investment policies, including categories such as temporality, transformation, institutional layering, and crisis-driven change
- Third, we turn to the **substantive focus** of the project - that is, how these theoretical and analytical tools inform our investigation of social spending, particularly in services such as childcare, education, health, and long-term care.

Each of these levels plays a distinct role within the project, but they are also mutually reinforcing. Together, they allow SWINS to combine a broad theoretical ambition with fine-grained empirical analysis.

These three layers of the framework - foundational theories, analytical lenses, and substantive focus - also inform the methodological choices made within the project. In this sense, the selection and combination of quantitative and qualitative methods in SWINS is not merely instrumental, but reflects the conceptual architecture underpinning the research design.

2.1 Theoretical foundations: structuring SWINS' overall architecture

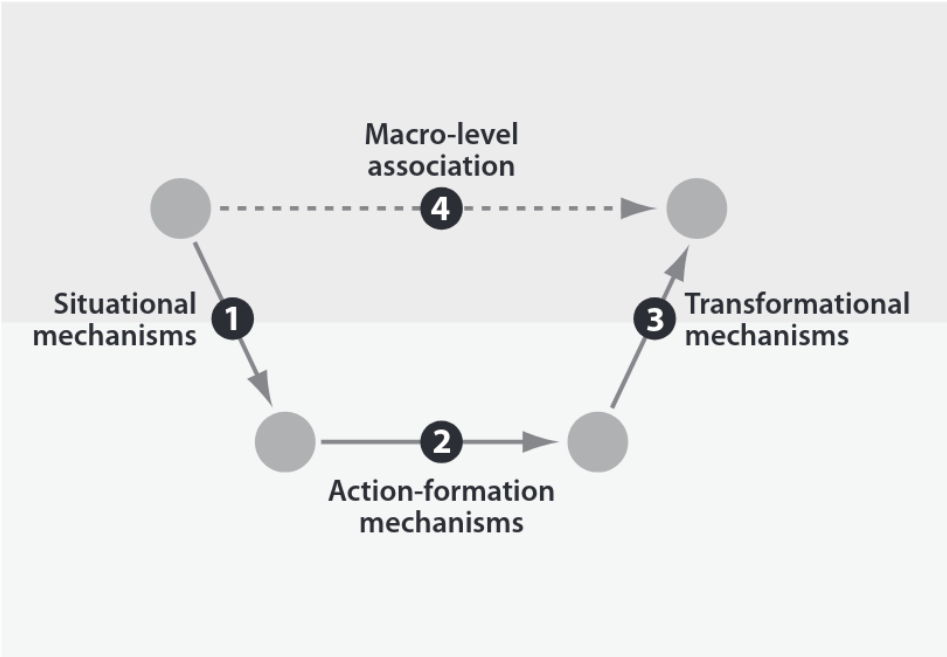
The Coleman's Boat Approach

At its core, SWINS seeks to understand to what extent different configurations of investment in social policies and services generate multidimensional change at the macro level - including outcomes such as economic growth, productivity, sustainability, and social equity. However, this relationship is not direct. Rather, it is mediated by a set of mechanisms operating at the micro level, where policy configurations affect the behaviours, opportunities, and constraints of individuals, households, and enterprises. To capture this complex interplay between macro-level structures and micro-level dynamics, SWINS draws conceptually on the Coleman's Boat theory, originally developed within analytical sociology (Coleman, 1990) which provides a powerful heuristic for tracing causal mechanisms across levels of analysis, bridging abstract theorisation and empirical observation.

The model explains how macro-level social phenomena (like sustainable social policies) are linked to **individual actions** and then back to **macro-level outcomes**. It's especially useful in **studying social policy** because it helps us trace *how policies influence people's behaviour and how those behaviours feed back into society*. Instead of assuming that a policy automatically creates a desired outcome, the model forces us to ask *through what mechanisms* it influences individuals. It connects macro-level institutions (regulations, welfare programs, climate policies) with micro-level decision-making (individual or household behaviour). By understanding the "micro-level mechanisms," policies can be fine-tuned to encourage desired behaviours.

It has increasingly been adopted in research on socio-ecological systems and eco-social phenomena, where complex interdependencies between institutions, human agency, and structural change must be unpacked across scales (e.g. Ostrom, 2009). In the context of SWINS, this means examining how institutional arrangements and spending patterns shape the choices and capabilities of social actors, and how these, in turn, contribute to broader societal transformations. Coleman's Boat thus serves as a guiding framework to avoid both structural determinism and methodological individualism, allowing us to articulate a theoretically grounded and empirically tractable explanation of change.

Fig. 1 The Coleman's Boat



Source: Hedstrom and Ylikoski 2010:59

Policy Feedback Theory

The temporal dimension of change is addressed through Policy Feedback Theory (Béland, Schlager 2019; Ballas et al., 2013), which examines how policies, once implemented, shape the preferences, capacities, and coalitions of future actors. This perspective emphasizes that policy effects are not limited to their immediate outcomes: they can generate self-reinforcing or self-undermining mechanisms that influence the long-term trajectory of the political economy.

In the context of SWINS, Policy Feedback Theory has been instrumental in shaping both the research activities and the impact component of the project. Analytically, it informs the identification of feedback loops through which social investment initiatives (such as those in childcare, education, health, and housing) may alter incentive structures, create new constituencies, and influence power relations over time.

From an impact perspective, it underpins the assessment of how these initiatives can simultaneously deliver short-term benefits (e.g. increased employment, improved skills, better health) and establish durable foundations for inclusive growth and welfare state resilience. By building constituencies and shifting coalitions, such investments may change not only socio-economic outcomes but also the very conditions under which future policy choices are made.

2.2 Analytical lenses: how SWINS looks at the world

The Capability Approach

A cross-cutting theoretical foundation that enriches the social investment paradigm and bridges it with sustainable and ecosocial welfare thinking is the capability approach, as pioneered by Amartya Sen (1999, 2009) and Martha Nussbaum (2000). While originally conceived as a philosophical theory of justice and development, the capability approach has been increasingly applied in the field of social policy research, especially where the aim is to assess what people are effectively able to do and to be, rather than what they nominally receive or possess.

In the context of SWINS, the Capability Approach is primarily employed as a guiding analytical lens to investigate the micro-level mechanisms that underpin the macro-level achievements we seek to relate to investments in social services and policies. This orientation is particularly relevant for interpreting the multidimensional nature of wellbeing and, consequently, the impacts that investments in social services and policies are expected to generate. Beyond measurable market outputs, such impacts are fundamentally about fostering autonomy, dignity, and participation, ultimately culminating in the tangible exercise of real freedoms (Burchardt and Vizard, 2011; Otto and Ziegler, 2008; Biggeri and Ferrannini, 2014). Moreover, the Capability Approach encourages us to interpret individual achievements not as static outcomes, but as the result of multi-actor and multi-level processes. These processes depend on the interaction between the actual availability of various resources and individuals' ability to convert those resources into real freedoms. This conversion capacity is shaped by so-called *conversion factors*, which operate at individual, contextual, and territorial levels and by individual and collective agency (i.e. the commitments over our own wellbeing and the wellbeing of others (Sen, 1999)).

Moreover, recent empirical work has applied capability-oriented frameworks to evaluate social services provision and design (Biggeri 2014; Bonvin and Laruffa, 2024; Chiappero-Martinetti et al., 2024), showing how services contribute to capabilities not only through direct access but through institutional quality, governance, and freedom-enhancing design. This complements the SWINS emphasis on in-kind vs. in-cash modalities, user experience, and participation. What's more, by focusing on what people are actually enabled to achieve, the capability approach helps clarify the transformative ambition of social investment linking opportunity freedoms (capabilities) with process freedoms and thus to rights. Indeed, it aligns with a rights-based logic, but moves beyond formal entitlements, asking whether the conditions exist for rights to be meaningfully exercised.

Consistent with SWINS's aim to engage with the debate on social investment also in rights-based terms, it is especially valuable to consider how the Capability Approach can complement and deepen rights-based approach perspectives. Following Biggeri and Karkara (2014), the CA and right-based approach can be seen as complementary rather than competing paradigms. In their contribution, Biggeri and Karkara (2014) argue that effectively transforming rights into real freedoms requires an analytical perspective grounded in the Capability Approach. While a right-based approach provides a strong normative and legal basis for the protection and promotion of individual entitlements, the

Capability Approach offers a valuable evaluative lens to assess whether individuals actually have the substantive freedoms to exercise those rights. This shift from formal recognition to real opportunity is particularly relevant when addressing structural barriers and unequal conversion factors that affect children's ability to flourish. The integration of these two approaches thus allows for a more context-sensitive and justice-oriented understanding of human flourishing. It also facilitates integration with sustainability-oriented frameworks, since it allows for balancing ecological constraints with the substantive freedoms of present and future generations (Hickel, 2020).

Finally, the capability approach, beyond focusing on individual freedoms and real opportunities, also provides a lens through which to understand how societies collectively develop a vision of their present and future - defining what is considered desirable at a shared level and, among the desirable, what should be prioritized in terms of action and resource allocation. The capability approach, in being an agency-oriented theory, stresses the role of public reasoning, participation, and substantive democracy as well as the transformative role of the aggregate effect of individual agency deployment. As we turn to examine how European societies are expected to navigate a transformative phase, this perspective becomes particularly relevant: it highlights the importance of collective deliberation in shaping priorities, defining the ends of transition, and ensuring that the pathways chosen reflect shared values and enhance human flourishing.

In short, the CA support SWINS as a conceptual anchor that strengthens the evaluative logic of social investment: expanding capabilities, reducing structural disadvantage, and enabling people not just to cope with change, but to shape it and guaranteeing the process freedom via a human-rights based approach.

Resilience Thinking

Resilience has recently gained prominence as an analytical category across a wide range of disciplines - from environmental science to economics and public policy. However, its popularity has often come at the cost of conceptual precision (Duit, 2016). In many cases, resilience is used in a vague or overly descriptive manner, sometimes conflated with mere persistence or passive adaptation. In SWINS, by contrast, we approach resilience as a mechanism-oriented category, useful for understanding how social systems respond to shocks, stressors, and long-term pressures. In particular, we are interested in how investment in social policies and services can enhance the transformative capacities of a society - that is, its ability not just to absorb disturbances, but to reconfigure itself in more equitable, sustainable, and productive ways.

The concept of resilience has genuinely multidisciplinary origins. Initially developed in engineering, it was subsequently taken up in fields such as ecology, psychology, urban planning, and the social sciences. In its engineering conception, resilience refers to the capacity of a system to survive a disturbance and return to its previous state of equilibrium. This perspective assumes a stable system with predictable behaviour, and emphasises the maintenance or restoration of its original functions and structures.

A later, socio-ecological approach challenged this idea of a single stable equilibrium (Folke et al. 2010). Instead, it focused on the ability of systems to absorb stress and disturbances while maintaining the same relationships among components. This ecological framing introduces the

notion of "basins of attraction" - emphasising how systems may shift from one equilibrium to another under pressure. Rather than restoring a previous balance, resilience here refers to the system's capacity to reorganise and evolve in response to change.

Over time, resilience entered the vocabulary of the social sciences (Keck and Sakdapolrak, 2013), particularly in the wake of successive internal and external pressures facing modern welfare states - including recurring financial and economic crises (such as the Asian financial crisis of 1997–98 and the global financial crisis of 2008), as well as the rising socio-economic impacts of climate change. Hall and Lamont (2013) argue that the increasing relevance of resilience as an analytical category reflects the dominance of neoliberal paradigms, which have weakened the role of the state while placing greater responsibility on individuals, communities, and market-based mechanisms.

Rather naive and reductive approaches to resilience, often centred on a simplistic emphasis on the individual's ability to adapt to changing circumstances, have arguably gained visibility because of their functional alignment with neoliberal paradigms, which have weakened the role of the state while shifting greater responsibility onto individuals, communities, and market-based mechanisms (Hall and Lamont, 2013). Yet, a more comprehensive understanding of resilience points to a multifaceted picture, where adaptive and transformative processes are foregrounded, closer to Schumpeter's idea of creative destruction than to any invisible-hand mysticism, as recent contributions illustrate (e.g. Manca, Benczur and Giovannini 2024)."

A key development in resilience thinking has been the emergence of *transformative resilience* as a distinct analytical perspective. While much of the earlier literature focused on adaptive resilience - that is, the capacity of systems and actors to cope with stressors and shocks without fundamentally altering their structure - more recent work has turned attention to the possibility that such moments of disruption may instead open windows for structural transformation. Transformative resilience does not replace the adaptive perspective but rather broadens the analytical horizon, highlighting the potential for reconfiguring institutions, relationships, and social contracts in ways that promote sustainability, equity, and long-term wellbeing (Halvorsen et al., 2022)).

This conceptual opening builds on work such as Holling's (1986) theory of panarchy, which describes cycles of conservation, release, reorganisation, and renewal within ecological and socio-ecological systems. In this light, crises are not merely obstacles to be endured but can also serve as critical junctures, enabling agency, innovation, and the redefinition of societal priorities. What distinguishes transformative resilience is thus its focus on agency and change - on how actors can engage collectively to shape new pathways, rather than merely adapt to constraints defined by external conditions.

2.3 Substantive focus: framing the empirical object

Social Investment Approach

The social investment approach (SI) represents one of the most influential shifts in welfare state thinking in the early twenty-first century. Emerging in response to the perceived limitations of both the traditional Keynesian welfare state and the neoliberal retrenchment agendas of the 1980s and 1990s, the social investment approach proposed a rethinking of social policies as productive rather than purely protective measures (Morel, Palier, and Palme, 2012), aiming to strengthen individuals' capabilities ex-ante, enabling them to participate more fully and more productively in dynamic labour markets and rapidly changing societies (Bonoli, 2010). In this perspective, the social investment approach can be interpreted through a new-institutionalist lens, particularly historical and sociological, emphasising that policy outcomes are shaped by *institutional complementarities*, *path dependence*, and *policy feedback* mechanisms linking micro-interventions and macro-level results over time (Hall & Soskice, 2001; Pierson, 2004; Hall & Gingerich, 2009).

At the heart of this approach lies indeed a concern with how welfare systems can support individuals at key transitions across the life course. Interventions in early childhood, educational systems, family services, and employment support are understood not as isolated measures but as interconnected phases of a cumulative process. The notion of a “life-course multiplier,” as developed in recent comparative work (Garritzmann et al., 2021), captures the idea that the returns of social investment increase over time, especially when policies are coordinated and sustained across different stages of life. These returns are not only economic, but also social and civic, contributing to the reduction of inequalities and the reinforcement of social cohesion (Hemerijck, 2017). Empirical studies across diverse welfare regimes have offered robust evidence that timely and well-calibrated investments in early education, labour market integration, and care infrastructures tend to generate more equitable and resilient outcomes in the long run (Busemeyer, Garritzmann, and Neimanns, 2018). Nevertheless, these long-term strategies are most effective when there are adequate buffers to help individuals minimize short-term risks and transitional shocks.

SWINS ambition is to situate investment in social policies and services in a tangible institutional landscape by acknowledging that policy instruments and institutional arrangements do not function in isolation (Hemerijck, Ronchi and Plavgo, 2023; Hall and Soskice, 2001; Crouch et al., 2005). The effects of social investment are mediated by the existing institutional architecture and by complementarities across labour markets, education systems, industrial relations, and fiscal governance (Hall & Gingerich, 2009), as well as by processes of gradual institutional change, such as layering and conversion (Streeck & Thelen, 2005; Thelen, 2014). As Hemerijck, Ronchi and Plavgo (2023) argue, understanding the interplay between governance levels and the embeddedness of social investment strategies within broader institutional frameworks is key to ensuring their transformative potential. Instead, the impacts of social policies and services are contingent upon their integration within the overarching systems of interdependent institutions. It is evident that social investment strategies are most effective when aligned with complementary

policies in education, labour markets, industrial policy, and fiscal governance. The synergies of this dual strategy links individual and collective capabilities (and achieved functioning) with individual and collective agency and actions generating an evolutionary dynamic in the institutional system, in the productive system, and in the power structure.

Social protection systems typically encompass both cash benefits and social services. While cash transfers, such as pensions or unemployment benefits, are crucial in providing income security, they are often insufficient to foster long-term inclusion or address the multidimensional nature of social risks. This is where social services play a vital and complementary role. Defined as person-centred interventions that directly support individuals' well-being, these services, ranging from care provision to job-placement assistance, aim to promote solidarity and ensure equitable access to opportunities (European Commission, 2023). Their integration with income support mechanisms, as exemplified by active labour market policies, enhances resilience and adaptability across the life course (Plavgo, 2023; Bonoli, 2010).

What distinguishes the social investment perspective is therefore the attempt to bring them into a coherent framework that connects micro-level interventions with macro-level effects. The ambition is to clarify how social policies shape capabilities, support labour market participation, and sustain internal demand in ways that are institutionally mediated and historically contingent. This line of thinking does not deny the relevance of redistribution or the persistence of structural inequalities. On the contrary, it has increasingly acknowledged that the promotion of capabilities cannot be separated from questions of access, recognition, and power.

At the same time, the operationalisation of the social investment approach remains an open and contested issue.

In recent years, various policy instruments have emerged that attempt to translate the abstract principles of social investment into concrete governance mechanisms. Among these, Social Impact Bonds (SIBs) stand out as a paradigmatic example of efforts to anchor social investment within the broader trend of the financialisation of social policy. By inviting massive participation from private investors, SIBs aim to redefine the relationship between public welfare provision and financial markets, recasting social programmes as investment opportunities that yield quantifiable returns. First developed in the UK, SIBs mobilize private capital to finance preventive social programmes-such as reducing reoffending rates or supporting youth at risk-through performance-based contracts. If pre-agreed social outcomes are achieved, investors are repaid by the public authority, often with a return; if not, they bear the financial loss. While often promoted as instruments of innovation, efficiency, and accountability (Fraser et al., 2018), SIBs also exemplify the risks associated with the financialisation of social policy. They translate complex and often structural social needs into narrowly defined, measurable outcomes, potentially distorting priorities and limiting the scope of intervention. As such, they reflect a broader tension within the social investment paradigm: the ambition to reframe social policy as productive investment is frequently constrained by fiscal orthodoxy and by technocratic evaluation frameworks. This disjuncture becomes particularly acute in times of crisis, when public spending is scrutinized through cost-benefit rationales that favor short-term savings over long-term societal returns. Bridging this gap requires not only methodological innovation-capable of capturing the multi-dimensional and temporal nature of social outcomes-but also a more explicit alignment between normative commitments and operational tools (Hemerijck,

Ronchi and Plavgo, 2023). Without this, the transformative potential of social investment remains vulnerable to dilution or co-optation.

A more recent strand of literature has moved away from narrowly financial interpretations of social investment and embraced a systemic understanding of long-term policy effects across life domains such as education, health, and social inclusion (Morel, Palier and Palme, 2012; Hemerijck, 2017). The concept of life-course multipliers has been pivotal in this evolution, emphasizing the efficacy of policy configurations in generating positive cycles of upward mobility, personal well-being, and macro-level social cohesion (Vandenbroucke, 2017; Hemerijck, 2018).Building on these critiques, more recent contributions, such as those by Sabato and Theodoropoulou (2022), have sought to develop a rights-based rearticulation of the social investment approach. This perspective, which has had great influence on SWINS conceptual development and foundation, aims to broaden the normative foundations of investment-oriented welfare by explicitly integrating concerns for inequality reduction, gender equity, health promotion, and ecological sustainability (Hemerijck and Matsaganis 2024).

Critical voices within the literature have rightly pointed out that the early formulations of social investment may have underemphasized dimensions such as mental health, care work, and intersectional disadvantage (Cantillon & Van Lancker, 2013). Contemporary contributions have endeavored to address these deficiencies by exploring the potential of social investment strategies to be more inclusive and responsive to the diversity of life experiences (Plavgo and Hemerijck, 2021). Additionally, several of the fundamental assumptions of SI have come under scrutiny. Cantillon (2011), Morel and Palme (2017), and Nolan (2013) have drawn attention to the limitations of a framework that, while oriented toward empowerment and activation, may insufficiently address persistent structural inequalities related to class, gender, ethnicity, and disability. In this context, the Capability Approach can offer a partial yet significant contribution. Despite the persistent and arguably desirable differences between the two approaches, particularly with regard to their normative orientation, there is analytical ground for dialogue. Social investment continues to prioritize the development of human capital. However, even when human capital is broadly defined, it rarely aligns with the concept of human flourishing, a central tenet of the Capability Approach (Nussbaum 2006; Robeyns, 2006; Walker and Unterhalter, 2007; Walker, 2012). However, a capability-oriented examination of both individual and contextual factors, as well as of the resources made available to individuals, can reveal pertinent analytical and policy spaces within the social investment framework. For instance, it can support the identification of contextual interventions aimed at removing structural, institutional, or social barriers that limit the return on investment for individuals with specific characteristics or facing cumulative constraints that undermine their ability to convert available resources into meaningful ones (Mehrotra and Biggeri, 2007; Biggeri, 2014).

Sustainable welfare and eco-social thinking

In parallel, a growing body of work has begun to explore the ecological dimensions of welfare, highlighting the need to rethink the long-term sustainability of social systems in light of accelerating climate and environmental crises. Scholars such as Gough (2017), Koch and Mont (2016), and Jackson (2009) have questioned the viability of welfare regimes (whether Keynesian, neoliberal, or social investment-oriented), that remain structurally dependent on continuous GDP growth.

Emerging in the 2000s and gaining traction after the 2008 financial crisis, Sustainable welfare perspectives argue that welfare cannot indefinitely rely on growth-based fiscal foundations. Instead, they propose a reorientation of social policy toward securing human wellbeing within ecological limits, decoupling societal flourishing from economic expansion.

This literature is starting to mix with Post-Growth and Degrowth ideas. It suggests a big change in how we think about welfare: from having a lot of material things to having enough, from growth to being strong and healing, and from GDP to measuring well-being (Stiglitz, Sen, and Fitoussi, 2009; Costanza et al., 2014). This reorientation, increasingly aligned with international policy frameworks such as the UN Sustainable Development Goals (SDGs) and the European Green Deal's Just Transition Mechanism, reframes prosperity around the satisfaction of fundamental needs (security, autonomy, competence, and relatedness) rather than the accumulation of commodities (Doyal and Gough, 1991; Sen, 1999). Policies should therefore support meaningful work, universal healthcare, education, and community participation, while reducing ecological damage and systemic risk. Sufficiency-oriented measures such as shorter working hours, support for local and circular economies, and low-impact public services are proposed as promising pathways (Hirvilammi & Koch, 2020; Koch, Mont and Harnesk, 2021).

Building on these critiques and ambitions, also the ecosocial welfare perspective seeks to move beyond diagnosis toward institutional transformation. It integrates social justice and environmental sustainability into a single policy architecture, recognizing them as intertwined crises rooted in unsustainable production, consumption, and accumulation. At its core lies the notion of a dual transformation, where welfare systems must be reshaped not only to ensure social inclusion (through equitable access to resources, capabilities, and life opportunities) but also to align with the limits and regenerative capacities of ecological systems. This implies reorganizing the flows of energy and materials that sustain economic life to stay within planetary boundaries (Rockström et al., 2009; Steffen et al., 2015), redesigning infrastructures and collective practices accordingly.

A key contribution of the ecosocial approach is its emphasis on eco-conditional universalism, as to say the idea that universal access to basic goods and services (such as housing, mobility, healthcare, and education) must be guaranteed, but within systems explicitly designed to reduce environmental impact. This reframes the meaning of universality from the right to participate in an unsustainable economic order, to the right to flourish within a sustainable one. A growing body of policy proposals reflects this orientation, such as investments in green public transport not only reduce emissions but address mobility inequalities, programs for energy-efficient housing simultaneously target poverty and decarbonisation, and support for sustainable food systems can enhance both ecological resilience and local economic participation.

However, deep institutional path dependencies, fiscal restructuring needs, and entrenched growth-oriented metrics constrain change (Pierson, 2004), and remain major challenges. Distributional conflicts over ecological transitions, such as fossil fuel phase-outs, risk deepening inequalities without robust just transition mechanisms, including compensation, retraining, and targeted investment (Schneider, Kallis and Martinez-Alier, 2010; Sabato, Cacciapaglia and Mandelli, 2023).

Moreover, while the normative foundations of eco-social welfare are strong, methodological tools to evaluate policies along both social and ecological dimensions remain underdeveloped. Integrating life-course perspectives, feedback loops, and cross-scale interactions into evaluation frameworks is

essential to translate this paradigm into a governable, measurable, and actionable policy model. For this reason, advancing tools that capture both social and ecological dimensions is a step towards turning ecosocial welfare from a compelling vision into an actionable policy framework capable of guiding just and sustainable transitions.

Fig. 2 SWINS founding literature

Source: Authors' elaboration

3. Situating SWINS in a transformative era

3.1 Context

Starting at least from the 2008 Great Recession, there has been growing awareness that the European Union, as a social and economic system, has been facing increasing difficulties in addressing real-world challenges. The prolonged struggles of several EU member states to recover from the recession, exacerbated by the strict adherence to austerity policies, have often been interpreted as an early warning sign concerning the resilience of the European institutional architecture. (Gomez, 2015; Arpino et al., 2020) From 2013 onwards, the EU's inability to provide a coordinated response to the migration crisis (Scipioni, 2017) was, not unjustifiably, perceived as a moment of manifest weakness. The 2016 Brexit referendum further marked a significant alarm bell regarding the solidity and cohesion of the Union (Huhe, Naurin and Thompson, 2020).

This tangible difficulty has triggered two distinct dynamics. On the one hand, it has fuelled the growth of anti-EU sentiments across several member states (Gomez, 2015; Arpino et al., 2020). Beyond the case of Brexit, the rise of more or less explicitly Eurosceptic political movements, movements that are, for the most part, right-wing in orientation , has become evident both in countries that were most severely and directly affected by the crises (where EU institutions are often accused of inaction), and in those relatively less impacted (where the EU is perceived as attempting to redistribute the effects of the crises across the Union).

On the other hand, the EU's perceived weakness has been increasingly understood as a serious threat to the European social model itself. (Vesan and Corti, 2019). As a result, defending and promoting social rights within the EU has come to be seen not merely as a matter of policy, but as a strategic imperative for the Union's long-term cohesion and legitimacy. The proclamation of the European Pillar of Social Rights in 2017 can be interpreted as a decisive step in this direction (EU Commission 2021b).

Behind and beyond these challenges, the increasingly tangible effects of climate change have heightened awareness of the misalignment between the prevailing development model and the constraints imposed by planetary boundaries. As this awareness has grown, so too have feelings of fear and mistrust toward the actions undertaken, planned, or even merely discussed to promote changes in the prevailing development model, or, more narrowly, to encourage a shift toward sustainable technologies (e.g., the phase-out of internal combustion engine vehicles). Overall, the redistributive implications of a shift toward a more sustainable development model and its potential impact on the most vulnerable segments of the population have begun to raise increasing concern. (Dubois and Jesús 2023; Bonfanti, Jarosz and Tuchmann, 2025)

In this context, crises and emergencies have followed one another in rapid succession, ranging from the COVID-19 pandemic to the Russian-Ukrainian war, further compounded by the disruptive evolution of the relationship between the EU and the United States, including the looming risk of a tariff escalation. While the 2008 crisis could still be interpreted, at the time, as a particularly severe recession linked to the economic cycle, however, the subsequent emergence of multiple, heterogeneous, and interconnected crises has made it increasingly untenable to regard them as isolated emergencies. What is unfolding appears instead as a transformative phase, calling for a deeper rethinking of prevailing paradigms. Defining and conceptualizing what constitutes a transformative phase is therefore crucial: (i) to avoid the risk of interpreting structural changes merely as isolated emergencies, shocks, or unforeseen events, and (ii) to develop the tools and frameworks necessary to navigate such a profound phase of transformation.

TRANSFORMATION WILL OCCUR REGARDLESS - WHAT IS AT STAKE IS WHETHER IT WILL BE GOVERNED AND SHAPED, OR MERELY ENDURED.

3.2 Approaching a transformative phase

The definition and conceptualisation of the current transformative phase can be meaningfully informed by the EU's foresight work on megatrends. These are defined as "*large-scale, high impact and often interdependent social, economic, political, environmental or technological changes*" that operate at the global level while producing localized consequences (EEA 2015, p. 5).

The relevance and impact of global megatrends on the European Union are considerably heightened by the EU's deep interconnectedness with the rest of the world, through dense flows of resources, goods and services, people, capital, and information.

More specifically, the 2015 EEA report identifies eleven megatrends in four main domains:

- in the *demographic and societal sphere*, the report highlights shifts in population structure and spatial dynamics, pointing to diverging demographic trajectories, growing urbanisation, and the increasing complexity of global health challenges;
- on the *technological and economic front*, the report points to the accelerating pace of innovation, the persistent pursuit of economic growth amidst its ecological and social limits, and intensifying global competition over energy resources. These trends shape the evolution of production systems, labour markets, and global economic positioning, with direct consequences for competitiveness, inequality, and economic resilience;
- *environmental and resource-related megatrends* focus on the biophysical constraints that shape future development pathways, and include climate change and environmental degradation as well as growing pressure on ecosystems;

- finally, the report draws attention to shifting *geopolitical dynamics and the transformation of global governance structures*, with significant implications for the EU's capacity to act strategically and effectively on the global stage.

Although this list of megatrends could certainly be expanded, refined, and further developed[1], it is nonetheless possible to identify a number of salient cross-cutting characteristics.

The first is that megatrends can largely be understood as structural phenomena. It is evident that structural dynamics cannot be effectively addressed through an emergency-driven mindset. As clearly stated in the report, "[…] *the management of the diverse impacts of the megatrends needs to overcome the short-termism currently dominating political and economic thinking and embrace long-term, integrated, global perspectives instead*" (EEA 2015, p.6). The fact that megatrends are structural in nature is closely connected to their high-impact character: their persistence over time, global scale, and deep entrenchment in socio-economic and environmental systems are precisely what enable them to produce transformative and long-lasting effects across multiple domains.

A second key cross-cutting characteristic of megatrends lies in their strong inertia and, consequently, their limited reversibility in the short term. These are not transient phenomena that can be swiftly altered through policy interventions or societal shifts. For instance, efforts aimed at modifying demographic trends, such as ageing or declining fertility, typically require years, if not decades, before any observable impact materializes. The nature of these processes is such that even bold and targeted interventions tend to produce gradual rather than immediate effects. Geels (2011) effectively employs the notion of the socio-technical landscape to describe not only the material and technical infrastructure that underpins society, but also broader developments such as demographic trends, political ideologies, societal values, and macroeconomic patterns. What unites these diverse elements is their relative stability and resistance to change in the short term, placing them largely beyond the direct influence of individual actors or organisations. Changes in the socio-technical landscape tend to challenge the stability of the social-technical system that is the overall configuration of the different system components (e.g. energy system, value chains, food systems etc.).

Manca, Benczur and Giovannini (2017) provide a valuable perspective to conceptualize the options available at the societal level to face the challenges linked to the transformative conseuqnces of these mega-trends. In particular, they identify three relevant capacities at the societal level, each articulated along a functional continuum:

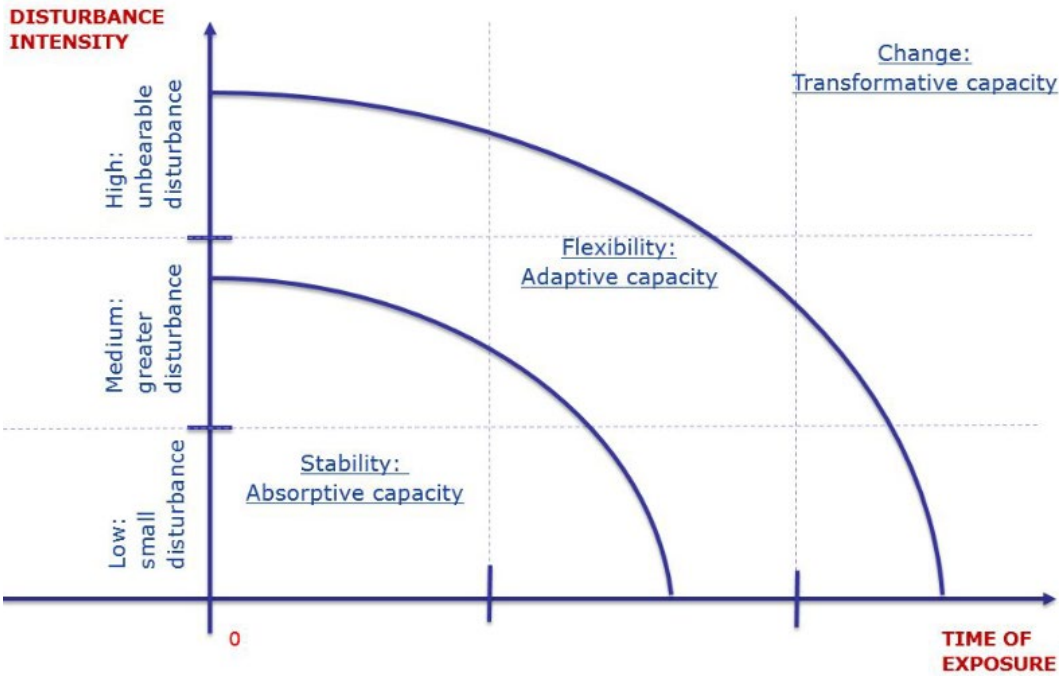
- **Stability → absorptive capacity**: this refers to the ability of a society to preserve its core functions and structures in the face of external shocks. Stability ensures the continuity of essential systems, while absorptive capacity allows for the buffering and mitigation of negative impacts without undergoing fundamental change.
- **Flexibility → adaptive capacity**: this continuum captures the ability of a society to learn from experience, adjust policies and behaviours, and reconfigure itself in response to evolving

[1] Looking back a decade later, it is fair to say that the analysis offered in the 2015 report has proven to be remarkably prescient. Among other aspects, it explicitly highlighted the risk of pandemics stemming from viral mutations capable of crossing the species barrier from animals to humans, a concern that, in hindsight, appears particularly well-founded.

conditions. Flexibility ensures responsiveness in the short term, while adaptive capacity enables more sustained and strategic adjustments over time.

- **Change → transformative capacity**: this highlights the ability to proactively shape and steer structural transformations in response to deep-seated or long-term challenges. While change can be reactive or incremental, transformative capacity involves envisioning and implementing systemic shifts toward new development models.

Fig. 3 Disturbances and Capacities



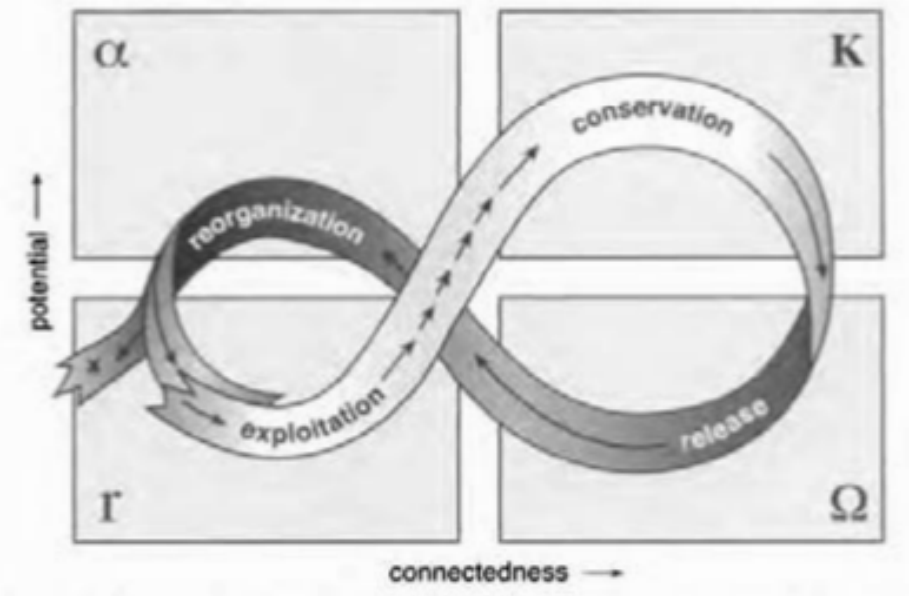
Source: Manca, Benczur and Giovannini (2017), p.8

The relevance of each capacity is determined by the nature of the disturbance a society must contend with, particularly in terms of its intensity and duration (i.e., time of exposure). The greater the intensity and the longer the exposure, the more critical transformative capacity becomes. The impacts associated with the aforementioned megatrends can clearly be characterized as both high in intensity and prolonged in duration. In this light, we may define a society as undergoing a *transformative phase* when it is confronted with disturbances that are both severe and enduring.

This does not mean, however, that adaptive or absorptive capacities can be neglected during a transformative phase. Quite the contrary: when viewed through the lenses of multilevel articulation and panarchy. The concept of panarchy, developed by Gunderson and Holling (2002), describes the dynamic nature of complex adaptive systems, such as ecosystems, economies, or societies, as a sequence of four recurring phases: (1) **exploitation** (or growth), in which resources are rapidly accumulated and opportunities expand; (2) **conservation**, where systems become more stable but

also more rigid and vulnerable to shocks; (3) **release** (or collapse), triggered when accumulated stresses exceed the system's capacity, leading to a breakdown; and (4) **reorganisation**, during which new configurations and innovations may emerge. These adaptive cycles occur at multiple, interconnected levels, and the interactions between levels, such as a local collapse enabling innovation at a broader scale, are key to the resilience or transformation of the overall system. So, the capacity to manage a release-and-reorganisation phase at the societal level may in fact be strengthened if adequate measures are in place to preserve the stability or promote the adaptive capacity of subordinate units, such as households, local communities, or organisational subsystems

Fig. 4 The Panarchy loop: adaptive cycles



Source: Gunderson and Holling (2002), p.34

To sum up, we may define the objective condition of living within a transformative phase and having to cope with its consequences as a "transition." The term *transition* can then be further qualified by specifying either the particular aspects of the broader transformation being addressed (e.g., *digital transition*, referring to the transformative effects of technological change), and/or the desired direction of change (e.g., *sustainability transition*, indicating an intention to navigate the transformative phase by shifting toward a more sustainable development model). In this sense, it is only through such qualification that the notion of transition moves beyond the mere description of an objective condition of necessity, becoming instead a framework for political choices and strategic objectives. By naming and framing transitions, be they digital, green, or otherwise, societies not only recognize the pressures of transformation but also articulate their agency in shaping its direction and outcomes (Hoekstra et al. 2024).

This overall picture confronts us with a fact that is as evident as it is often overlooked: the existing empirical evidence prove that the above-mentioned trends are unfolding, and they are already having, and will increasingly have, a profound impact on our societies (Biggeri et al. 2024). Choosing to act or choosing not to act are both decisions, each with far-reaching consequences. Once again, Geels (2004, 2011) offers valuable conceptual tools to address what we might call the "temptation of inaction." Every socio-technical system is underpinned by a deep structure oriented toward preserving its stability, which Geels refers to as the *socio-technical regime*. This regime is defined as "*the semi-coherent set of rules that orient and coordinate the activities of the social groups that reproduce the various elements of socio-technical systems*" (Geels, 2004, p. 900). These rules encompass "*cognitive routines and shared beliefs, capabilities and competences, lifestyles and user practices, favorable institutional arrangements and regulations, and legally binding contracts*" (ibid.). When operationalised, such rule sets tend to generate powerful lock-in mechanisms, including economies of scale, sunk costs and investments, and entrenched power networks, that systematically discourage radical change and reinforce path dependency.

In a transformative phase, inaction (i.e. the attempt to preserve the existing system) does not preserve the effectiveness of the system itself; rather, it results in a passive absorption of the transformative consequences of change itself. Transformation will occur regardless, what is at stake is whether it will be governed and shaped, or merely endured. One illustrative example of this logic can be found in the case of climate change. The commitment to limiting climate-altering emissions is often framed in one of two ways, both of which risk being misleading. On the one hand, it is sometimes portrayed as a "luxury" concern, secondary to what are perceived as more urgent socioeconomic priorities ("yes, climate change matters, but there are more pressing issues to deal with"). On the other hand, it is presented as a moral act of generosity toward the planet, captured by slogans such as "there is no planet B" or "save our planet." While these framings may be rhetorically powerful, they tend to obscure the structural nature of the challenge. The core issue is that our current development model has triggered a set of systemic mechanisms that are expected to generate severe disruptions to human societies, regardless of whether we decide to confront them or not. In any scenario, the planet as a macro-ecosystem will persist, gradually shifting toward new equilibria. The real danger lies in the possibility that human beings, and many other animal and plant species, will prove unable to adapt to these new conditions. In this perspective, the central concern is not about saving the planet, but about saving ourselves.

HUMAN DEVELOPMENT AND HUMAN CAPITAL ARE NOT A SIDE CONCERN, BUT THE CENTRAL PILLAR OF ANY SUSTAINABLE TRANSITION STRATEGY

This leads to a second, equally self-evident yet often overlooked consideration: ultimately, it will be human beings, and communities, who must navigate this transformative phase. While much attention is rightly devoted to the roles played by various categories of actors in navigating a transformative phase (e.g. the multiple or quadruple helix models, involving governments, academia, industry, and civil society) (Biggeri et al. 2023). it is important not to lose sight of the fact that the primary component of all these actors is people. At the core of every institution, organisation,

or system involved in shaping the future are individuals and communities who experience, interpret, and respond to change. Recognizing this is not a rhetorical move, but a conceptual necessity: any meaningful engagement with transformation must take seriously the social, psychological, and cultural dimensions of how individuals and communities are positioned within, and actively shape, the processes of change.

As a consequence, the maintenance and development of human capital emerges as a strategic priority for successfully navigating a transformative phase. Regardless of the specific direction that the transition process takes, the likelihood of a successful outcome increases when it is carried out by individuals who are healthy, educated, and equipped with access to effective risk-coping mechanisms. Ensuring that people possess the capabilities to engage with change that is agency, rather than merely endure its consequences, is therefore not a marginal concern, but a central pillar of any sustainable transition strategy.

3.3 The direction of change: competing visions for the future

The majority of the considerations developed thus far remain applicable irrespective of the specific direction assigned to the transition. It is therefore relevant to explore the possible transition directions currently emerging within European societies. Geels (2011) provides valuable insights into how diverse and often competing transition pathways may coexist and interact within a single societal context. In his multi-level perspective, the definition of a transition direction is understood as an emergent outcome of the dynamic interplay between several forces: the stabilizing influence of socio-technical regimes and their rule-sets, the development of alternatives within niches, the pressures and stabilisations stemming from the socio-technical landscape, and the agency of actors who, through strategies, interventions, and power struggles, attempt to steer the evolution of the socio-technical system. The direction of a transition is not predetermined; on the contrary, it is continuously negotiated and shaped over time throughout the transition process. At present, three competing visions of transition can be identified as emerging within European societies.

The first is a *traditional-conservative vision*, which seeks to address the transformations of the socio-technical landscape primarily through a reduction in interdependence and interconnectedness - at the level of Europe as a whole, and in cascade at the level of nation-states and even local territories (Mudde, 2019; Krastev, 2020). This includes pressures to halt migratory flows and promote protectionist measures (European Commission, 2023a). It also entails the minimisation of the scale and nature of the ongoing changes, as in the case of climate change denial or scepticism towards green technologies such as renewable energy and electric vehicles. Finally, this vision is framed around the defence of presumed traditional values, often framed in cultural or civilisational terms.

The second is a *productivist or competitiveness-centred vision*, which places the notion of competitiveness, interpreted mainly as enhanced productivity, at the heart of the transition agenda. This is arguably the orientation articulated in the Draghi Report (Draghi, 2024), where the focus is

on three main pillars: (i) strategic autonomy and security (also in military terms), (ii) a radical leap in technological innovation, particularly in digitalisation and AI, and (iii) green transformation as a vector of competitiveness. In this framing, social dimensions are often deferred, under the assumption that social outcomes will follow from regaining a proper level of competitiveness (Rodrik, 2022; European Commission, 2023b).

The third vision is that of a *transition towards a sustainable and inclusive wellbeing society*, which places the maintenance or even improvement of human development levels at the centre of the transition - while remaining within planetary boundaries (Raworth, 2017; O'Neill et al., 2018; Biggeri et al. 2023; Hoekstra et al., 2024). From this perspective, the transition is not merely about adapting to exogenous pressures or boosting growth capacity, but rather about reshaping the purpose of development itself (European Environment Agency, 2021; European Commission, 2023c).

The key question is not “how to compete more,” but “how to thrive together” in a way that sustains both human flourishing and ecological resilience. The debate on the definition of *sustainable and inclusive wellbeing* and on the related measurement frameworks remains open and multifaceted (Benczur et al., 2025), with important European research initiatives currently underway, including recent contributions that highlight the need for integrated frameworks reconciling economic, social, and environmental dimensions of wellbeing (Hemerijck, Ronchi and Plavgo, 2023; Hemerijck and Matsaganis 2024).

Despite this evolving landscape, the core of the concept is effectively captured in Figure 3. In the graph, wellbeing is measured using the Human Development Index (HDI), while sustainability is assessed in terms of the Ecological Footprint (measured in hectares per person per year). European countries are represented by red-circled dots. As can be observed, all but two EU member states are positioned to the right of the vertical line that marks the threshold for very high human development.

However, no European country lies below the horizontal line that indicates the ecological sustainability threshold. This suggests that none of the EU countries currently achieves both high human development and ecological sustainability simultaneously. Therefore, regardless of the specific indicators used to operationalize these dimensions, the transition towards a *sustainable and inclusive wellbeing society* can be conceptualized as the shift of European countries into the lower-right quadrant (highlighted in yellow), where both high levels of human development and ecological sustainability are simultaneously achieved.

Understanding the European transformative context

Main takeaways

- Europe is undergoing a transformative phase, shaped by the convergence of crises (economic, migratory, geopolitical, ecological) and long-term global megatrends (EEA, 2015).
- These are structural and persistent processes that challenge the effectiveness of emergency-driven responses.
- Societies need to mobilize three types of capacities:
    - Absorptive: buffer shocks and maintain stability;
    - Adaptive: adjust and reorganize over time;
    - Transformative: steer systemic change and reorient development paths (Manca et al., 2017).
- The panarchy model (Gunderson and Holling, 2002) illustrates how collapse and reorganisation can enable renewal, especially when supported by local and institutional resilience.
- Inaction is not neutral, as failing to steer change increases exposure to risk and reduces agency. Transformation will happen regardless what is at stake is how it is governed.
- Three competing visions of transition currently shape EU debates:
    - The traditional-conservative focuses on national autonomy and cultural preservation;
    - A productivist vision prioritizes competitiveness through innovation and strategic autonomy;
    - The wellbeing transition places human development and sustainability at the core (Raworth, 2017).
- SWINS takes this third vision as its normative horizon, recognizing that social policies and services are key levers to support resilience, navigate uncertainty, and ensure inclusive and sustainable futures.

While the tripartition outlined above helps to schematize the main political imaginaries currently competing in the European debate on transition, it is important to acknowledge that the academic and policy literature presents more nuanced approaches that do not always fit neatly into such categories. One particularly relevant area of inquiry is the ongoing debate around the concept of sustainable competitiveness. In this perspective, the notion of competitiveness is not rejected outright, but rather redefined in ways that question both the *ends* of competition and the *means* through which it is pursued. Some scholar argue for a fundamental rethinking of what it means for an economy to be competitive. They propose that economies should compete not merely on cost-efficiency or productivity growth, but on their ability to generate inclusive prosperity, foster innovation aligned with sustainability goals, and remain resilient in the face of systemic shocks. This entails a shift in the framing of competitiveness - from a race for short-term economic gain to a long-term capacity to support human flourishing within planetary boundaries. In this reframing, sustainability becomes a foundational condition for competitiveness, rather than a constraint.

Fig. 5 Human Development and Ecological Sustainability

Source: http://eea.europa.eu/en/analysis/maps-and-charts/correlation-of-ecological-footprint-2008

Although much of the analysis to be conducted within SWINS will remain valid regardless of which transition pathway is considered, the project nonetheless seeks to incorporate and apply the concept of a transition toward an inclusive and sustainable well-being society as a reference horizon against which the success of the transition process - and, in particular, the return on social investment - can be critically assessed.

In order to assess whether and how social services can support such a transition, it is essential to develop a robust evaluative framework capable of capturing their multidimensional contributions, across the life-course, across social groups, and across institutional configurations. This is the aim of the SWINS framework, to which we now turn.

4. Core components of the SWINS Framework

If the previous section laid out the strategic rationale and normative direction of the SWINS framework, positioning it within current debates on transition, this section turns to the architecture of the framework itself. We ask: what should we measure, why, and through which mechanisms do social services produce systemic outcomes? The challenge is not only to describe which social services matter, but to construct a robust logic that links inputs, mechanisms, and outcomes in a way that is both normatively defensible and methodologically actionable.

Rather than treating services as isolated policy instruments, SWINS approaches them as components of a capability-enhancing and sustainability-oriented institutional ecosystem. This requires engaging not just with spending levels or institutional design, but with the dynamic relationships between services, life-course trajectories, and macro-social change.

The following sections outline the building blocks of this evaluative framework in three steps. First, we explain what we measure, the selection and typology of social services, grounded in a capability and ecosocial perspective. Second, we explore how services generate outcomes, through behavioural and institutional mechanisms across micro and macro levels. Third, we examine what we aim to achieve, through a focus on three interconnected outcome domains: income and employment, macroeconomic stability, and inclusive wellbeing. In doing so, SWINS offers not a static taxonomy of policies, but a flexible architecture for thinking and evaluating social services as engines of long-term, systemic transformation.

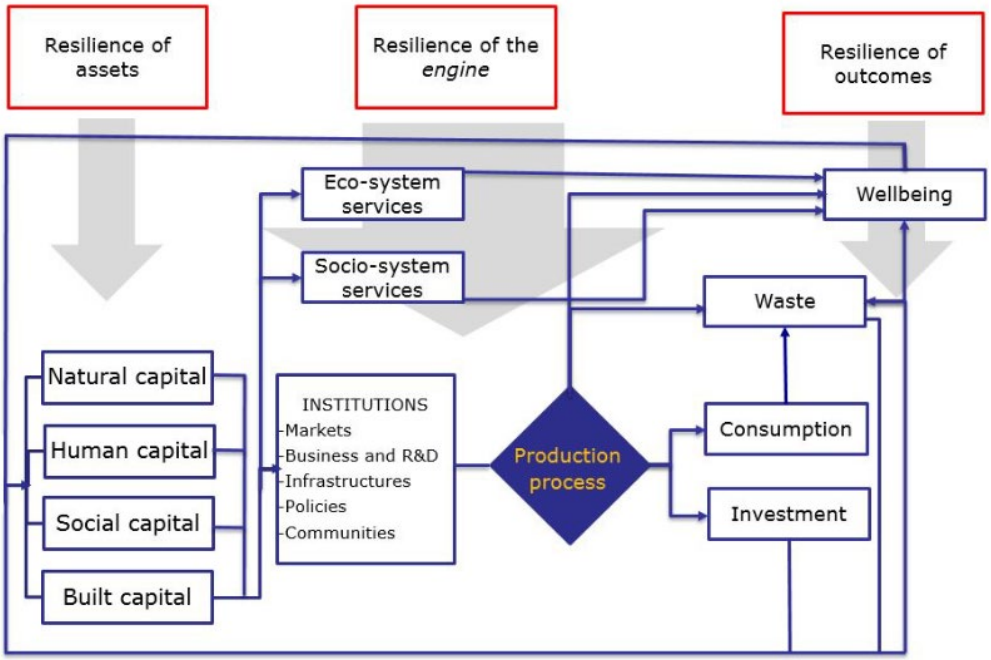
4.1 Developing an empirical approach to assess the transformative returns of social investment

The development of an empirical strategy to measure the returns on social investment in terms of improved societal ability to navigate the transition find a useful support in the work done to operationalize the concept of transformative resilience that can be found in Manca, Benczur and Giovannini (2017a) and Manca, Benczur and Giovannini (2017b).

Building on Costanza's (1997) materially closed Earth system model, Manca, Benczúr, and Giovannini (2017) expand the framework by integrating a crucial social dimension for conceptualising resilience and sustainable wellbeing. Their model is composed of three interconnected components. The first is the **asset base**, which encompasses four forms of capital: natural, human, social, and economic. The second component identifies the **key outcomes**, such as individual and collective

wellbeing, sustainability, and cohesion. The third is the **transformation engine**, which refers to the social, ecological, and institutional systems that mobilise the asset base to produce those outcomes.

Fig. 6 Resilience of Assets, Engine and Outcomes



Source: Manca, Benczur and Giovannini (2017), p.10

This framing allows us to understand social services not merely as responses to vulnerability, but as institutions that can transform the productive and reproductive dynamics of a society under pressure, reorganizing care, labour, and learning in ways that sustain inclusive wellbeing across generations.

At this point, the framework can be mobilised to conceptualise both the structural configuration of a transformative phase and the variety of effects we might expect from social investment within such a context. In particular, it allows us to consider how transformative pressures affect the asset base and the transformation engine, and how social investment strategies may enhance system resilience, improve adaptive capacities, and ultimately support a reorientation of key outcomes toward more sustainable and inclusive trajectories (Biggeri et al. 2023; Hoekstra et al., 2024).

The onset of a transformative phase can be understood as the moment when pressures originating from the socio-technical landscape (to use Geels' terminology, 2011) begin to challenge the macro-systemic configuration, particularly at the level of the transformation engine and the asset base. For instance, demographic trends such as population ageing or declining birth rates may erode human capital, thus requiring a transformation engine capable of functioning with a different or rebalanced mix of assets.

At the engine level, if the structural alignment among the various sub-systems that constitute the engine becomes increasingly disrupted, the capacity of the engine to convert assets into desired outcomes progressively deteriorates. This misalignment can be diagnosed either through declining performance in terms of key outcomes (e.g., wellbeing), or via disruptive feedback loops affecting the asset base itself. For example, if the prevailing market structure (as a key institutional component) leads to the degradation of the socio-system, it may not only result in sub-optimal wellbeing outcomes but also trigger processes that erode social and human capital, undermining the system's longer-term viability.

From this angle, resilience is not just about withstanding shocks, but about sustaining the capacity to produce shared value and maintain cohesive social relations under conditions of ecological and economic stress. Social investment becomes a strategy for institutional maintenance and innovation.

At the same time, it relies also on the quality of institutions, the resilience of ecosystems, and the inclusiveness of social structures. This systemic configuration offers a valuable foundation for assessing policies aimed at promoting both sustainability and inclusive wellbeing.

In line with SWINS objectives, it is thus relevant to explore how social investment can contribute to the dynamics outlined above. A first clear impact channel is via human development and **human capital**. Social investment is aimed at making people more educated, healthier, more skilled, and safer. In this sense, it contributes to strengthening individuals' capabilities and productivity throughout the life-course (Morel, Palier and Palme, 2012; Hemerijck, 2017). While this perspective is relatively uncontroversial, it tends to capture only part of the picture, particularly when it over-emphasises labour market participation

A more nuanced and debated effect of social investment emerges when considering its relationship with social capital. On the one hand, social investment and social capital can act as functional substitutes. In contexts where welfare systems are relatively underdeveloped, essential services, such as child or elderly care, education support, or financial assistance, are often provided through informal networks of mutual exchange, such as extended family, community ties, or neighborhood-based solidarity mechanisms (Esping-Andersen, 1999; Durlauf and Fafchamps, 2005).

However, more complex approaches to the concept of *social capital*, those that extend the notion beyond proximate trust-based networks, lead to different conclusions about its relationship with social policy. Rather than assuming a simple trade-off between informal solidarity and institutional provision (as posited by early *crowding-out* hypotheses), such approaches suggest that social capital is a multi-dimensional and dynamic resource that can be both shaped by and supportive of public intervention. Following van Oorschot and Arts (2005), social capital can be analytically disaggregated into three interrelated components:

- social networks, encompassing informal ties within families and close communities, but also more formalised participation in civic organisations and democratic processes;
- social norms, referring to shared expectations and values around cooperation, reciprocity, and collective responsibility, often summarised by the term *trustworthiness*;
- social trust, including both *interpersonal trust* (trust in others) and *institutional or vertical trust* (trust in public authorities and institutions).

Building on this broader conceptualisation, empirical evidence tends to support a positive association between well-developed welfare systems and higher levels of trustworthiness, horizontal trust and vertical trust social capital Kääriäinen and Lehtonen 2006, Rothstein and Stolle 2008, Svendsen and Svendsen 2009, Oorschot and Arts 2005). On the contrary, close social networks (or bonding social capital to us the terminology from Putnam) seems to have a more controversial relation with welfare state. As example, Alesina and Gleaser (2004) support the idea that strong within-group and strong between group ties could hamper the development of social protection systems.

The existence of a synergic relationship between social investment and key dimensions of social capital, especially extended (generalized) trust and vertical trust, leads to two further considerations. First, these effects directly involve at least two core components of the "engine" described in Figure X: the socio-system services and institutions. These systems are both producers and beneficiaries of trust: while institutional quality helps foster trust, higher levels of trust in turn reinforce institutional legitimacy and effectiveness.

Second, this positive relationship is likely to be amplified when social investment policies adopt a rights-based approach. A rights-based approach to social investment rests on the establishment of a structured network of duty bearers, institutional actors with a clearly defined responsibility to support the realisation of the rights of right holders. In this way, recognition-based dynamics are complemented by mechanisms of accountability and co-responsibility, reinforcing both trust and institutional capacity. In this sense, a rights-based approach to social investment (Sabato and Theodoropoulou, 2022) is not only justifiable on normative or ethical grounds, but also from the perspective of systemic efficiency.

By clarifying roles and responsibilities among institutional actors, and by promoting mechanisms of accountability and co-responsibility, this approach contributes to the improved functioning of the "engine" that transforms assets into outcomes by guaranteeing process freedoms and, thus, opportunity freedoms (i.e. individual and collective capabilities and agency). Specifically, it strengthens both socio-system services and institutions, enhancing their capacity to coordinate, deliver and adapt in complex and dynamic environments. As such, investing in rights-based infrastructures may produce long-term returns not only in terms of social justice, but also in terms of system resilience and overall societal performance.

This scenario presents a clear challenge. Both the head and the tail of the process - the configuration of social services and policies on one end, and societal-level outcomes on the other - operate at the systemic level. However, the mechanisms that determine whether, how, and to what extent this connection holds unfold at the level of agents: through individual and collective behaviours, interpretations, constraints, and interactions.

Capturing this layered dynamic requires an analytical strategy capable of bridging structural conditions and micro-level processes (Ballas et al., 2013; Dawid & Gatti, 2018). In other words, social investment policies are designed and framed at the macro level - even if they are implemented through multilevel governance mechanisms. However, their targets are fundamentally micro-level. This holds both from a rights-based perspective, where the holders of social rights are individuals, and from a more pragmatic policy perspective, where social services ultimately address the needs of individuals and families. At the same time, what we aim to assess is the return of social investment policies in terms of the enhanced societal ability to navigate a transformative phase - that is, the

transition toward a sustainable and inclusive wellbeing society (Hemerijck, Plavgo et al., 2024; Hemerijck and Matsaganis 2024).

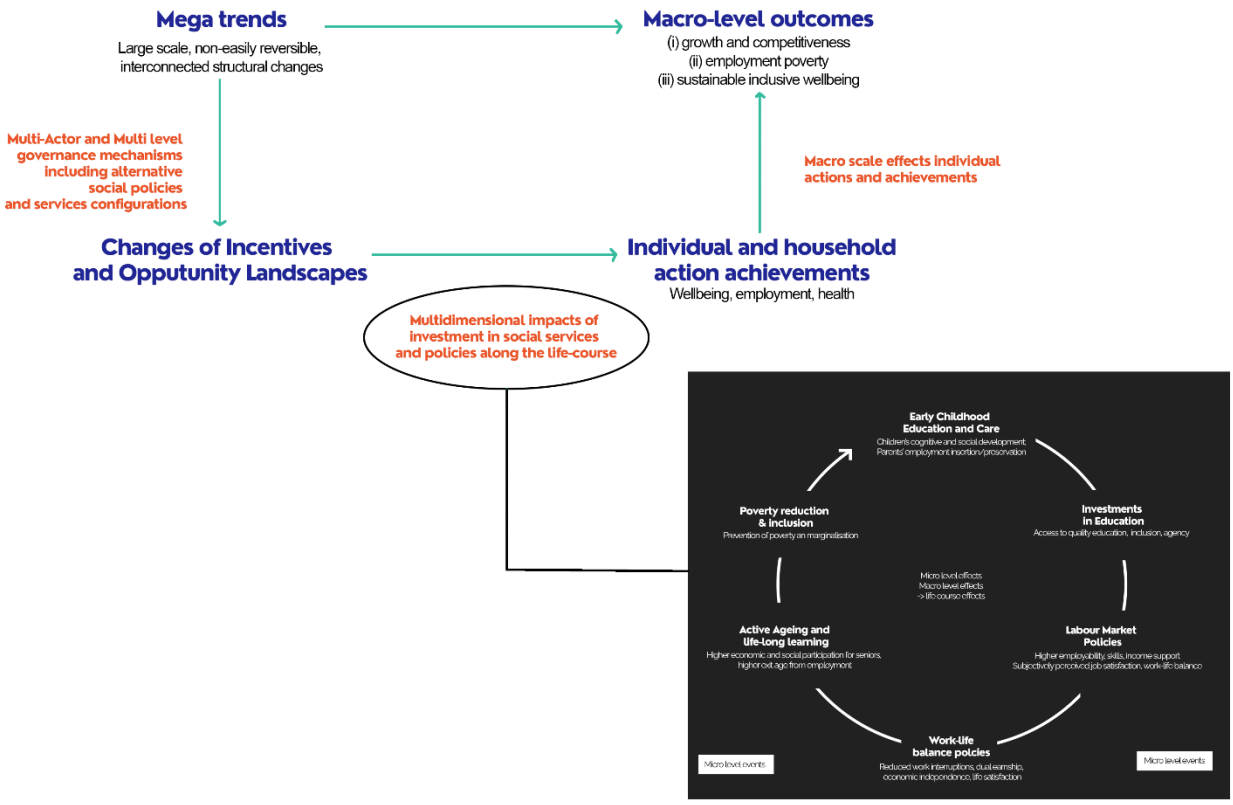
In order to structure an empirical approach that fits this macro–micro–macro configuration, we found it useful to draw on the so-called Coleman's Boat model (Coleman, 1990). This conceptual framework allows for an analytical mapping of how macro-level social structures and policies (such as social investment strategies) affect individual-level actions, behaviours, and outcomes - and how these, in turn, generate aggregate effects that feed back into macro-level societal change. More specifically, Coleman's Boat provides a way to theorize how macro-level interventions can generate micro-level mechanisms that, when aggregated across individuals, may contribute to the collective capacity to sustain wellbeing and adapt to structural transformations.

In analytical terms, the model unfolds in three steps (Ylikoski, 2021):

- At the macro-to-micro level, social services intervene by reshaping the environment of incentives, constraints, and expectations in which individuals operate (situational mechanisms). For instance, affordable ECEC shifts care responsibilities and affects parental labour supply; vocational training changes the opportunity cost of job search; mental health access alters the conditions of employability.
- Moving from micro to micro, individuals act within this altered environment by forming intentions and making decisions shaped by their preferences, beliefs, and available resources (action formation mechanisms). One particularly relevant action-formation mechanism in the context of social investment is the life-course multiplier. This mechanism captures the cumulative and interdependent nature of human development over time. Interventions at one stage of life - for example, early childhood education - do not produce effects in isolation; rather, they alter the trajectory of capabilities and opportunities across the entire life course (Mehrotra and Biggeri 2002, Biggeri and Karkara 2014, Hemerijck, 2017).
- At the micro-to-macro level, the aggregation of individual behaviours results in new systemic patterns (transformational mechanism). Higher workforce participation leads to greater tax bases; healthier and better educated populations support innovation and reduce future demand for social spending. These transformations affect long-run indicators of productivity, macro-stability and ecological resilience.

The micro-to-macro level elements find their synthesis in the meso-level dynamics which generate at the local level those territorial functioning that can enable or not-enable the individual and collective capabilities (Biggeri and Ferrannini, 2014).

Fig. 7 Adapting the Coleman's Boat to Social Investment Policies



Source: authors' and contributors' elaboration from Hedstrom and Yikosky (2010), and Hemerijck, Huguenot-Noël and Matsaganis (2022).

While the Coleman Boat model helps us structure causal reasoning, it must be complemented by a more relational and systemic view of policy design. Real-world services are not implemented as isolated levers but as interdependent components of broader institutional architectures.

This is where literature on institutional complementarities becomes essential. According to Hall and Gingerich (2009), complementarities exist when the effectiveness of one institution depends on the presence of another - for instance, when work-life balance policies amplify the labour supply effects of ECEC, or when universal healthcare enhances the returns on vocational training by improving cognitive functioning and productivity.

Similarly, Thelen's (2014) work on welfare layering and hybridisation highlights that policy systems evolve not through clear ruptures but through sedimentation: older logics (e.g. protection) are never fully replaced but recombined with newer ones (e.g. activation). Thus, the impact of a given service depends not only on its design but on the policy environment in which it is embedded.

This logic is mirrored in the idea of stock–flow–buffer policy bundles (Plavgo and Hemerijck, 2021), which SWINS adopts as a guiding operational principle. These bundles combine:

- **stock**: long-term investments (e.g. education, health capital);
- **flow**: income-related transfers (e.g. unemployment benefits);
- **buffer**: services that help individuals manage transitions and risks (e.g. counselling, flexible housing).

It is the combination, rather than individual elements, to determine whether social policies truly enable people to adapt, thrive, and contribute to macro-resilience.

4.2 How services produce impact

While the previous section focused on developing the empirical architecture to assess the transformative returns of social investment, this section explores the underlying causal mechanisms that make such returns possible. In other words, how do social services actually generate impact, across individual and collective levels, and over time?

In order to understand the transformative potential of social services, it is not sufficient to merely identify which services are of importance. A rigorous examination of the mechanisms, configurations, temporal and structural effects, and outcomes produced by these systems is imperative to inform a comprehensive understanding of their functionality. SWINS approaches this task by combining insights from the capability approach, the life-course perspective, and the literature on institutional complementarities and policy feedbacks.

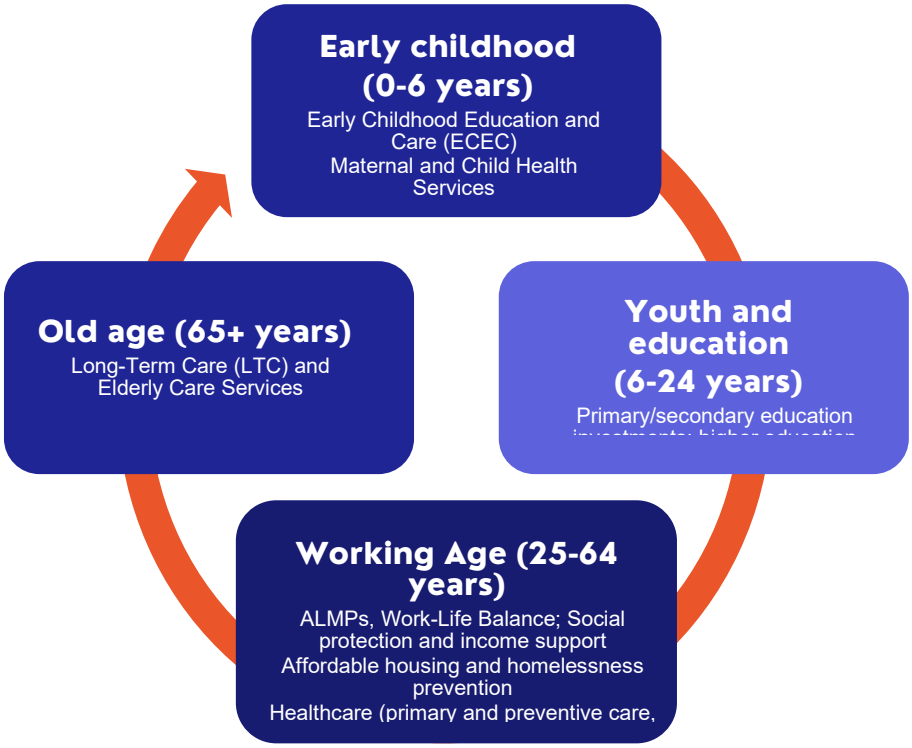
At the micro level, services have been shown to expand individual capabilities and the real freedoms people have to pursue valued life trajectories (Mehrotra and Biggeri 2007, Nussbaum, 2011,). The foundation of the impact logic is that access to education, care, or active labour market support enhances people's agency, employability, and resilience, particularly during pivotal transitions. These enhancements in human and social capital are associated with increased participation, income security, and overall well-being (Mehrotra and Biggeri 2002).

Nevertheless, SWINS's primary focus remains on the systemic ramifications of social services. Utilizing the Coleman Boat heuristic, we conceptualize impact as a sequence of interconnected processes. Specifically, macro-level service configurations shape the opportunity structures in which individuals act; these individual behaviours then aggregate into macro-level trends, which in turn feed back into the system (Coleman, 1990). This dynamic logic helps explain how micro-level interventions, if well-designed and properly timed, can trigger positive spirals in terms of both economic performance and societal resilience.

A critical aspect of SWINS is its adoption of a life-course multiplier lens, which recognizes that services do not act instantaneously or in isolation (Hemerijck, Plavgo et al., 2024). The effects of these factors accumulate over time, interacting with and influencing diverse aspects of an individual's life. Early interventions (e.g., ECEC, maternal health) generate compounded returns in later life stages, while enabling services (e.g., ALMPs, housing) sustain transitions, and protective services (e.g., LTC, income support) cushion shocks and prevent scarring effects. When strategically sequenced and integrated, these services have the potential to yield a range of benefits, including the production of stock effects, the establishment of durable improvements in capabilities, and the

development of social infrastructure. Additionally, they can generate flow effects, such as the stabilisation of demand or the mitigation of risk.

Fig. 8 Social Investment interventions across the life course



Source: Author's elaboration

However, this logic is neither automatic nor universal. The same service can produce different outcomes depending on its design, timing, and institutional context. That is why SWINS places strong emphasis on the different modalities of delivery (in-cash vs in-kind) and their interactions, the governance arrangements (universal vs means-tested), and the presence of policy complementarities (Hemerijck, Plavgo et al., 2024). Drawing on welfare regime theory and more recent work on layered institutions (Thelen, 2014) and feedback mechanisms (Pierson, 1993), we argue that social services function best when embedded in coherent policy configurations, not as stand-alone interventions.

The effectiveness of a care service, for instance, depends on how it interacts with parental leave schemes, tax systems, and employment protections. Similarly, ALMPs only succeed when combined with adequate income support and housing stability. These interdependencies can generate synergies (where one policy reinforces the effects of another), compensations (where one policy offsets the limits of another), or in some cases even contradictions (e.g., activation policies without childcare infrastructure may deepen gender gaps).

Finally, the impact of services must also be assessed in light of their institutional and distributive effects. The provision of services has been demonstrated to engender both discrete outcomes and to influence social relations. The redistribution of unpaid work, the restructuring of intergenerational obligations, and the influence on the sharing of risks and resources are among the outcomes of service provision. Feminist and critical welfare literature reminds us that services are embedded in care relations, cultural norms, and power asymmetries (Fraser, 2003; Tronto, 1993), and thus their design and accessibility are never neutral.

In sum, the question "how do services produce impact?" must be answered through a multi-dimensional, dynamic, and relational framework, attentive to:

- the micro-to-macro linkages (via behaviour, capabilities, and aggregation),
- the timing and sequencing of interventions (life-course logic),
- the policy configurations and complementarities (institutional embeddedness),
- the distributional and relational effects (who benefits, how, and at what cost).

This framework provides the conceptual scaffolding for the modelling strategy developed in the next section, where services are not treated as mere expenditures, but as transformative levers embedded in socio-ecological systems.

4.3 Social Policies and Services

Building on the theoretical premises outlined above, this section begins to translate the framework into concrete analytical categories. In particular, it addresses the first essential step in evaluating the role of social services in driving sustainable wellbeing: deciding what to measure.

Here we adopt a principled approach rooted in capability approach, life-course analysis, and sustainability-oriented welfare thinking. The aim is to construct a typology of services that reflects their distinctive functions, their potential for cumulative impact, and their relevance to macro-level transitions. This typology also provides the foundation for the modelling strategies and evaluation tools that follow in the next sections. At the core of SWINS lies a capability-oriented vision of social services, grounded in the foundational work of Amartya Sen (1999), Mehrotra and Biggeri 2007 and Martha Nussbaum (2011). According to the capability approach, wellbeing should not be measured by the possession of resources alone, but by individuals' actual freedoms, what they are effectively able to do and to be. From this perspective, social services are not merely redistributive mechanisms or safety nets, but institutions that expand people's real opportunities to flourish across the life course.

This conception offers a radical departure from both the "passive protection" model of traditional welfare and from more recent technocratic versions of the social investment state that emphasize productivity and labour market participation as the main goals. It resonates instead with more transformative and person-centered models of welfare, where services function as enablers of agency, inclusion, dignity, and resilience, qualities essential not only for individual wellbeing but also for the cohesion and sustainability of democratic societies.

In this view, services such as childcare, education, mental health, or long-term care are not to be understood solely as "cost centers" or "activation levers," but as capability infrastructures: institutional arrangements that sustain the preconditions for a good life under conditions of demographic change, social complexity, and ecological crisis.

The capability framework also aligns with emerging calls for a paradigmatic shift in welfare thinking, captured by the Sustainable Welfare and Ecosocial Welfare literatures (Gough, 2017; Koch and Mont, 2016; Hänninen et al., 2021). These approaches urge us to reimagine social protection systems as vehicles for promoting wellbeing within planetary boundaries, shifting the focus away from GDP growth and toward sufficiency, resilience, and long-term ecological viability. In this context, social services become essential for managing life transitions in a low-carbon society, enabling people to cope with climate shocks, ecological stressors, and the need for systemic transformation.

To operationalize this vision, SWINS adopts a threefold categorisation of social services: foundational, enabling, and protective. This classification is not meant to suggest rigid categories or hierarchies; rather, it provides an analytical lens for understanding the differentiated functions of services along the life course, their interdependencies, and their expected returns (economic, social, ecological).

Foundational Services

These are services that provide the basic preconditions for human development and full participation in society. They are typically accessed early in life but have lifelong and intergenerational consequences. Examples include:

- Maternal and child health, which supports early physical and cognitive development, reducing long-term health inequalities;
- Early Childhood Education and Care (ECEC) and its impact on educational and labour market outcomes;
- Primary and secondary education, ensuring basic literacy, numeracy, and civic inclusion.

Foundational services are central to the life-course multiplier logic (Plavgo and Hemerijck, 2021), where early interventions generate long-term compound returns in health, productivity, and social cohesion. They also represent a critical anti-poverty lever, reducing the reproduction of disadvantage across generations. This concept reminds the dual synergies of Mehrotra and Biggeri (2002, 2007) among BSS and between BSS and Economic development.

Enabling Services

Enabling services facilitate individual and collective transitions across major turning points in life, school-to-work, care responsibilities, unemployment, aging. They include:

- Vocational training, which increase human capital and labour market adaptability;
- ALMP (Active Labor Market policies), which support people in labour market transitions and enhance long-term resilience;

- Work-life balance policies, which are critical for gender equity, particularly enabling women's full labour market participation;
- Affordable housing, which supports physical and emotional stability, access to employment, and social integration.

These services play a central role in sustaining individual agency, ensuring that structural constraints (such as care responsibilities or housing insecurity) do not translate into durable disadvantages. They are also crucial for adaptive and transformative resilience, helping individuals and communities to reorganize in response to ecological, economic, or social shocks.

Their importance is increasingly recognized in the context of the transition towards sustainable and inclusive wellbeing, where the capacity of individuals to reskill, relocate, or reorganize their lives is a condition for the success of low-carbon transformation strategies (Sabato, Cacciapaglia and Mandelli, 2023).

Protective Services

Protective services provide a safety net in times of dependency, crisis, or structural exclusion. These include:

- Unemployment benefits, which stabilize income during labour market transitions;
- Minimum income schemes, which guarantee a basic standard of living and prevent social exclusion;
- Long-term care services, which support dependent elderly or disabled persons and their families.

While these services have traditionally been framed as “passive spending,” they are increasingly being reinterpreted as part of a resilience infrastructure. For example, minimum income policies reduce the long-term scarring effects of poverty on health and employment; long-term care services redistribute unpaid labour (often gendered and informal), with positive effects on mental health, economic autonomy, and intergenerational solidarity. Moreover, protective services, if well designed, can act as stabilizers of macroeconomic cycles, cushioning demand during downturns and reducing long-term social and fiscal costs. This links them back to macroeconomic governance and public finance frameworks, a key ambition of SWINS.

A crucial cross-cutting dimension in the analysis of these services is the distinction between in-cash and in-kind modalities of provision. This distinction is particularly relevant not only from a fiscal and institutional perspective, but also in terms of distributive effects, gender equity, and user experience. Many services, such as childcare, elderly care, and ALMPs, can be delivered either through direct public provision (in-kind) or through financial transfers to households or individuals (in-cash).

These two modalities often reflect different welfare logics and produce different outcomes: for instance, in-kind services tend to foster social mixing, create employment in the care economy, and ensure standardized quality; in contrast, cash-based measures may increase flexibility but also risk reinforcing informal and gendered care arrangements. Recognizing these differences is essential to evaluating both the enabling and protective functions of services.

For this reason, SWINS will pay particular attention to the way services are designed and delivered across countries, and how these modalities interact with institutional configurations, user capabilities, and broader policy goals. Of course, services do not operate in a vacuum: their design, delivery, and outcomes are shaped by the broader institutional configurations in which they are embedded. In this respect, SWINS also takes into account the diversity of welfare regimes across Europe, and the policy complementarities that shape service impact. For analytical purposes, we consider four broad clusters: a universalist social investment model (e.g. Norway, Belgium); a contributory Bismarckian model (e.g. Germany, Italy); a hybrid liberal-social model (e.g. Ireland, Spain); and a post-socialist transitional model (e.g. Hungary, Serbia).

Table 1 Diverse models of Social Investment across European Welfare States

Policy Mix	Countries	Features
Universalist social investment model	Norway, Belgium	Strong public investment in ECEC, ALMPs, healthcare, education
Contributory Bismarckian model	Germany, Italy	Benefits tied to employment history, weaker social services but strong pensions
hybrid liberal-social models	Ireland, Spain	Mix of universal healthcare with targeted cash transfers, moderate ALMPs
Post-socialist transformational model	Hungary, Serbia	Low social investment, reliance on informal care, high inequality

Source: authors' elaboration

These configurations shape not only the availability and quality of services, but also the distribution of rights and risks among social groups, and thus provide important context for interpreting the impact of social investment strategies. Across the full spectrum of services, SWINS will be predicated on a set of transversal principles. First, adopting a rights-based approach, services will be regarded not as discretionary expenditures but as institutional mechanisms to fulfill fundamental social rights, as articulated in the European Pillar of Social Rights (EC, 2021b) and the Just Transition Mechanism (EC, 2020).

Moreover, as asserted by feminist and post-structuralist critiques (Fraser, 2003; Tronto, 1993), our work will take into account how services are not neutral "deliveries" but embedded in relationships of care, dependency, and social meaning. Finally, the effectiveness and legitimacy of services depend on user participation, local adaptation, and respectful governance. Indeed, beyond expenditure levels, the design and governance of social services (such as whether they are universal or targeted, conditional or accessible, fragmented or coordinated) also significantly affect their impact, and SWINS explore these dimensions through stakeholder engagement and qualitative

fieldwork. While the framework presented here offers a broad typology of social services (classified as foundational, enabling, and protective) reflecting their distinct functions along the life course and their potential contribution to sustainable wellbeing, it is important to clarify the empirical and operational scope of the project.

Due to data availability constraints, inconsistencies across national systems, and the technical limitations of integrated modelling tools, not all service categories included in the conceptual framework will be subject to full-scale quantitative modelling or empirical analysis. SWINS will instead focus on a subset of core services that are both policy-relevant and sufficiently comparable across contexts: namely, early childhood education and care (ECEC), care services (both for the elderly and for children), active labour market policies (ALMPs), and selected dimensions of healthcare.

This subset reflects services that are not only pivotal for the development of human capabilities and resilience, but also among the most discussed in current debates on the future of welfare systems, the gender care gap, and the transition towards sustainable wellbeing. Moreover, they can be meaningfully analyzed in both their in-cash and in-kind dimensions, allowing us to assess their redistributive and enabling effects across different institutional configurations.

The broader typology, however, remains a valuable guide for the qualitative analysis (particularly in WP2 and WP3), for stakeholder engagement, and for situating national and regional welfare architectures within a coherent analytical map. In this sense, SWINS does not abandon the ambition of comprehensiveness, but rather adopts a focused operational strategy that aligns analytical depth with feasibility and comparability.

4.4 The key outcomes

If the previous section explained how social services produce impact, this section clarifies what kinds of impact SWINS aims to capture – that is which are they key outcomes that could be use as metrics to assess the return on investment on social policies and services.

The selection of these domains of impact is structured to mirror the ambition to engage multiple and different layers of debate. As reported in the introduction the main identified layers entail the relation between investment in policies and services and (i) growth and competitiveness, (ii) the realisation of social rights and (iii) sustainable and inclusive wellbeing.

Social Investment as a Lever for Growth and Competitiveness

This first domain reflects the expansion of social investment thinking beyond individual and household-level returns. A growing body of research suggests that well-functioning welfare systems can contribute to macroeconomic stability by acting as automatic stabilizers and by enhancing the resilience of economies to shocks (Begg, Mushövel and Niblett, 2015; Cantillon and Vandenbroucke, 2014).

Protective and enabling services - such as minimum income schemes, long-term care, and health services - help stabilise household consumption and prevent the amplification of crises. At the same time, investments in human development and human capital and care infrastructure improve the long-run productive capacity of the economy, thereby supporting growth.

Moreover, empirical evidence suggests that social investment can contribute to its own fiscal sustainability by enhancing labour market participation, expanding the tax base, and fostering long-term economic growth. As shown by Ciarini (2023), well-designed investment in human capital, active labour market policies, and social inclusion measures are associated with improved lower public debt-to-GDP ratios, thereby generating a virtuous cycle in which social spending supports its own financial viability.

SWINS seeks to test this logic through its modelling tools, measuring how different service configurations affect GDP growth trajectories, volatility, and structural balance - while acknowledging that growth is not an end in itself, but a potential enabler of social and ecological goals.

Employment, poverty and inequality

When discussing the realisation of social rights in the European Union, the European Pillar of Social Rights and its associated Social Scoreboard represent key reference frameworks (European Commission 2017 and 2018).

A large share of the Social Scoreboard's indicators focus on employment, labour market participation, and employability. This reflects a broader conceptual link between social rights, social investment, and inclusive labour market outcomes. The relationship between investment in social policies and services and positive labour market outcomes is one of the most extensively explored domains in both labour economics and social investment theory (Esping-Andersen, 2002; Morel, Palier, and Palme, 2012; Hemerijck, 2017). Services such as early childhood education and care (ECEC), vocational education and training (VET), and active labour market policies (ALMPs) are known to enhance employability, facilitate job retention, and improve long-term earnings trajectories. These interventions also reduce skill mismatches and promote labour market inclusion-particularly for women, youth, and disadvantaged groups.

From a macroeconomic perspective, higher employment rates lead to broader tax bases and lower dependency ratios, thereby contributing to fiscal sustainability and sustained productivity growth.

Within the SWINS framework, this dimension is operationalised using indicators such as labour force participation rates, employment by gender and age, income distribution, and job quality metrics.

Furthermore, investment in social policies and services is expected to have a distributive impact, contributing to the reduction of poverty, inequality, and social exclusion. These policies-particularly those aimed at income support, access to education and healthcare, and affordable housing-play a key role in enabling individuals and households to participate fully in economic and social life.

The Social Scoreboard, which monitors the implementation of the European Pillar of Social Rights, offers a reference framework for assessing such effects. It includes indicators such as AROPE (At Risk of Poverty or Social Exclusion), income quintile share ratio (S80/S20), material and social deprivation, and children at risk of poverty, among others. These measures allow for the evaluation

of how different welfare configurations affect vulnerable groups and the extent to which they mitigate structural inequalities.

In SWINS, this dimension is crucial to understanding not only the macroeconomic outcomes of social investment, but also its capacity to promote social cohesion and ensure that no one is left behind.

Sustainable and inclusive wellbeing

The fourth (third?) domain reflects a more holistic understanding of policy goals, building on the literature on capabilities (Sen, 1999; Nussbaum, 2011), sustainable welfare (Gough, 2017), and the EU's Beyond GDP agenda.

Although the debate around sustainable and inclusive wellbeing indicators remains open, and a full consensus on the most appropriate "beyond GDP" metrics has yet to be reached, the dashboard of indicators for Sustainable and Inclusive Wellbeing (JRC, 2023) constitutes a robust multidimensional reference framework, developed to provide a comprehensive and holistic view of human and planetary wellbeing that goes well beyond traditional economic measures such as GDP. The SIWB dashboard complements GDP by integrating a wide set of indicators that capture the multifaceted nature of social progress, including quality of life, social and economic resilience, environmental sustainability, and institutional inclusiveness. It is structured around six core dimensions: current wellbeing, socio-economic resources for future wellbeing, resilience to social and ecological challenges, natural capital and planetary boundaries, inclusiveness, and institutional quality (Biggeri et al. 2023, Hoekstra e al 2024, Rum et al, 2024, Biggeri et al. 2025).

More than just a statistical exercise, the SIWB framework is designed to support evidence-based policymaking, offering both analytical depth and operational usability. By reducing over 1,000 candidate metrics to a structured set of 140 indicators-and a streamlined version of 50 for policy communication-it allows for both fine-grained assessment and broader strategic orientation. It also provides a tool for identifying trade-offs and synergies across wellbeing dimensions, thereby supporting the design of policies that are socially inclusive and environmentally sustainable.

While the SIWB dashboard offers an ambitious and conceptually rich framework, it is important to acknowledge some limitations regarding its full operationalisation within the SWINS analytical model. Many of the dimensions included in the SIWB framework-such as social inclusion, employment, and resilience-partially overlap with the domains already captured by the first two components of our model. As a result, there is a certain degree of conceptual and empirical redundancy that must be carefully managed.

Moreover, the sheer breadth and complexity of the SIWB architecture-particularly in its extended version with 140 indicators-makes a complete integration into a modelling framework both methodologically and practically challenging. Nonetheless, the structured presentation of indicators and their clustering into distinct but interconnected dimensions provides a valuable analytical anchor. Even when not all indicators can be used directly, the framework serves as a guiding reference for identifying meaningful variables and for ensuring that the multidimensionality of wellbeing is not lost in more narrow outcome measures. In this sense, the SIWB dashboard is less a rigid template and more a **conceptual compass** that helps orient analytical choices and policy design toward long-term, inclusive, and sustainable outcomes.

Conclusion

Before presenting these as “conclusions,” it is important to acknowledge that very little is in fact concluded. What we offer here should be read less as definitive statements than as an initial orientation. Far from aspiring, at this stage, to develop new theoretical formulations of social policy, our primary ambition is more modest yet essential: to provide a guiding framework through which the diverse strands of multidisciplinary work within SWINS can achieve coherence and mutual reinforcement.

This document opened by identifying a central paradox of our time: the urgent need for a sustainable and inclusive reconfiguration of our economies exists in tension with a dominant discourse that remains narrowly focused on competitiveness and GDP growth. It is precisely this paradox that the SWINS framework seeks to navigate. Rather than offering a conclusive resolution, we have proposed a conceptual compass, an interdisciplinary and multi-layered approach, designed to assess the role of social policies and services within this tension.

This document has been prepared primarily to establish a conceptual and operational framework for the SWINS Project, whose central aim is to develop a comprehensive procedure for assessing the **multifaceted returns of investment in social services and policies**.

The elaboration of this theoretical framework has sought to situate SWINS within the broader reconfiguration of European welfare thinking. The project departs from narrow interpretations of social expenditure as a compensatory cost, and instead frames **social services and policies as strategic investments** that simultaneously enable individual capabilities, foster macroeconomic stability, and sustain transformative resilience in times of structural change.

The framework responds to at least two interconnected needs. First, it seeks to provide a coherent point of reference for the empirical research that constitutes the core of SWINS. This encompasses not only the measurement component (mainly based on the application of econometric techniques), but also the legal, sociological, and political strands of research. Second, it is intended to guide the project’s impact, dissemination, and exploitation activities, ensuring their effectiveness and their consistency with the research in the strict sense.

On this basis, the Theoretical-Operational Framework identified at least two key issues.

The first concerns the **definition of the object of inquiry**. As the literature shows, the scope of policies and services included under the umbrella of social investment has broadened over time. Initially, the concept referred primarily to activation-oriented measures (e.g. active labour market policies). Subsequently, the range of policies considered has expanded. SWINS moves beyond the presumed dichotomies between social spending and social investment, or between protection and activation. Instead, one of the project’s central aims is to investigate whether, and to what extent, the interaction between protective and activating measures, as well as between services and cash transfers, generates enhanced societal returns.

A second key issue relates to the answer to a **fundamental question**: *what kinds of returns are we concerned with?* Addressing this question has required a broader reflection on the role of social

services and policies within the current political and strategic landscape. In this regard, a **two-layered analytical perspective** has been identified. The first, more closely aligned with the classic social investment approach, conceives investment in social services and policies as a strategy to generate processes of capacitation and activation across the life course, thereby ensuring its own sustainability by producing higher returns in terms of employment, growth, and income, and ultimately reinforcing fiscal sustainability. The second situates investment in social services and policies within the broader transition toward **sustainable and inclusive wellbeing**. Here, the hypothesis to be tested empirically is that investment in social services and policies can strengthen the mechanisms of **transformative resilience** that are necessary to support such a transition. At the same time, SWINS considers investment in social services and policies as a vehicle for the realisation of **social rights**, maintaining a right-based analytical perspective alongside the other dimensions of inquiry.

By integrating these three logics—productivity, sustainability, and rights—the SWINS framework advances an interdisciplinary and multi-layered approach to welfare analysis. Importantly, integration does not imply the elimination of the **irreducible differences** that exist between these perspectives. Rather, it entails acknowledging and mobilizing such differences in a **pragmatic way**, using them as complementary entry points to engage diverse stakeholders and to strengthen the capacity of the framework to resonate across policy, academic, and societal arenas. In doing so, it provides both a normative horizon and an analytical architecture capable of linking micro-level mechanisms with macro-level outcomes, while remaining attentive to the contested and dynamic nature of welfare paradigms

With SWINS, we aim to play only a small role, but in pursuit of a much larger objective. That objective is to contribute—however modestly—to the redefinition of how social policies and services are understood and valued in Europe. We are fully aware that we are living through a phase of profound structural change, one that is by definition fraught with uncertainties. Precisely for this reason, the framework outlined here is not a final word, but a starting point: a structure intended to guide multidisciplinary inquiry, stimulate dialogue among diverse stakeholders, and hold together the many strands of evidence and perspectives that the project will generate. The true ambition lies not in claiming theoretical novelty for its own sake, but in helping to show that social investment can be a foundation for resilience, inclusion, and sustainability. If SWINS succeeds, even in part, in this endeavour, it will have justified its small role within the larger task of shaping more just and forward-looking welfare systems.

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