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From Social Investment to Investing in the Social: Insiders' Perceptions, Experiences, and Expectations

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Abstract

Social investment is a policy approach intended to promote the social inclusion of excluded individuals and groups, mainly through labour market participation and long-term human capital development. Since the 1980's this approach has spread from Europe worldwide and is now regarded as the latest shift from both 'traditional' welfare and the unrestrained neoliberal policy implemented under the austerity regime of the last decades. Most social investment studies focus on the social and economic impacts of policy at the macro-level. This article takes a different perspective to examine how members of excluded communities experience social investment policy in their daily lives. The study analyzes qualitative data collected from a purposive sample of 96 participants from excluded communities in the North of Israel. Findings indicate that participants strongly support social investment ideas of inclusion via human capital development and the labour market. However, their experiences in both areas point to continued struggles with social mechanisms that marginalize them and reinforce multigenerational exclusion. Findings affirm critique of social investment when implemented without major structural changes. The study implications for policy suggest that, without such changes, the paradigmatic promises of social investment may further entrench social exclusion by replicating discriminatory and oppressive practices.

Keywords: Social Investment; Social Inclusion; Social Exclusion; Neoliberalism; Communities

Introduction

Social investment (SI) policies around the world have been the focus of extensive scholarship in the past decade (For example: De la Porte and Jacobsson, 2012; Gilbert, 2013; Hemerijck, 2018; Morel and Palier, 2011). While SI ideas take different forms in various countries, two core features are shared by all SI policies: investment in human capital and the objective of full labour market participation (Deeming and Smyth, 2015). Israel, which was founded as a welfare state, has implemented austerity measures in the last four decades and since 2015 has also adopted elements of SI (Gal, 2017; Gal and Madhala, 2018; Zehavi and Breznitz, 2018). Current studies focus on the economic effects of SI, specifically

the labour market, while its impact on the lives of excluded individuals and families, who are the target of these strategies, remains understudied. The purpose of this article is to close this gap by examining SI policies from the perspective of their target population, in this case individuals from diverse groups in Israeli society that were active in a comprehensive program designed to promote social inclusion in excluded areas. This article explores three main topics from the perspective of program participants: perceptions of SI ideas, lived experiences of SI policies, and expectations from SI.

The article contains three sections: the first section consists of a review of the concept of SI, its roots and main criticism with a specific focus on the connection between SI and social inclusion. It ends with a descriptions of the Israeli neoliberal targeted SI state (Zehavi and Breznitz, 2018); the findings section presents perceptions, experiences and ideas about the future of SI from the perspective of study participants who struggle for social inclusion. The final section discusses how participants' bottom-up constructions counter SI discourse and suggests implications for theory and practice.

Social investment

Social investment (SI) refers to ideas that endorse various forms of public spending as investments in human capital development and economic growth (Hemerijck, 2012; Jenson, 2010). This approach represents a policy shift from the provision of services and benefits to activation and education which promotes the integration of excluded individuals and groups into society via the labour market (Van Vliet and Wang, 2015). Following the European Commission adoption of the SI package for growth and social cohesion in 2013, many European countries enacted SI policies (Van Vliet and Wang, 2015; Hemerijck, 2018). SI ideas have since disseminated through organizations such as the World Bank and the Organization for Economic Co-operation and Development (OECD) to become a leading policy perspective for many countries around the globe (Deeming and Smyth, 2015; Gilbert, 2012; Jenson, 2010; Maron, 2019).

The SI approach is a future-oriented model with a life-course perspective that puts forth a new welfare policy design, in which interventions promote higher employment rates and future improvements in overall productivity and economic growth. SI foundations include full labour market participation (Deeming and Smyth, 2015) and policies for early childhood education that serve two main goals. The first is promotion of full employment for parents when childcare needs commonly decrease availability for work. The second, is preparation of the youngest citizens for their role as productive members of society by increasing their education and human capital from an early age (Esping-Andersen et al., 2002; Jenson and Saint-Martin, 2003). To increase

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labour productivity, mobility and flexibility of citizens and to continue the flow of skilled workers into the labour market, the SI model also encourages human capital development through lifelong learning (De la Porte and Jacobsson, 2012; Esping-Andersen et al., 2002; Hemerijck, 2018). Another SI pillar is "making work pay", which refers to policies that boost earned incomes for low wage workers and poor families and provide incentives to start a job or increase working hours. Some of the benefits in European countries, the U.S.A and Israel include supplementing wages, providing low-cost services for employed citizens, subsidizing low productivity, and offering tax credits. These policies are usually supplemented by others that restrict or reduce access to social benefits for citizens who are not employed (Esping-Andersen et al., 2002; Trlifajová and Hurrle, 2019; Jenson, 2012). This strategy ensures that work is always more financially profitable than depending on social benefits (Trlifajová and Hurrle, 2019). Lastly, SI policies promote activation and employability of individuals who cope with life situations that may impede their labour market participation, specifically lone parents and persons with disabilities (Cantillon and Van Lancker, 2013; Jenson, 2009).

SI emerged in political and academic discourse more than two decades ago as a response to the need to modernize the welfare state and ensure its long-term sustainability in the face of changing social risks. SI approach disseminated from the Nordic countries to other European welfare states and continues to gain considerable support from policymakers and international organizations, such as the OECD, the World Bank and the EU (Hemerijck, 2018). Although SI may not be considered the dominant policy paradigm today (Deeming and Smyth, 2015; Hemerijck, 2018; Morel et al., 2012), this market-oriented approach to address poverty and unequal growth is prominent in policy rhetoric. The SI model, as initially formulated by Esping-Andersen and colleagues in their seminal collection "Why we need a welfare state" (2002) made the argument that as the social risks confronting mature welfare states change, their policies must adjust to advance better life chances for excluded groups in society and insure that these policies are sustainable in the future. At the turn of this century, women entered the labour market in growing numbers. This was prompted by fundamental changes in gender roles and lower fertility rates for women as well as a shift from their unpaid caregiver duties for the young, the sick and the elderly in the traditional male bread-winner family. Combined with changing family structures and high rates of divorce and remarriage this created tensions between careers and family life for both women and men (Esping-Andersen et al., 2002). While promoting a more egalitarian workforce, the globalized post-industrial labour market with its rapid technological progress increased the demand for high skilled workers, decreasing employment for those who had lower levels of skills and education. This shift from the industrialized male breadwinner economy, with fairly steady jobs, to a precarious labour market in which workers must navigate their education and careers through

extended periods of learning and random spells of unemployment posed unexpected social risks and a growing burden on the traditional welfare state (Esping-Andersen et al., 2002; Hemerijck, 2018).

In the last four decades, social policy in most western countries has progressively reduced its role to social protection or compensation (Deeming and Smyth, 2015), but as economic production and free market economics took priority, welfare gradually shriveled to a minimum 'safety net', thus facing a future of perpetual austerity (Jensen and Tyler, 2015). A decade later, expanding poverty and growing inequalities continue to impact economies and threaten the social cohesion of nations, compelling policy makers to look for new ways to support economic growth that is attainable to more citizens. From this vantage point, SI ideas and discourse are presented as an alternative to neoliberal economies, arguably representing the very latest justification for social policy to guide the development of the economy and society in the twenty-first century (Deeming and Smyth, 2015; Hemerijck, 2018).

Conceptually, scholars and policymakers attempt to separate SI spending associated with 'new welfare' from spending on 'old social risks' such as pensions, healthcare, and unemployment benefits, that are associated with a traditional welfare state model (Deeming and Smyth, 2015). In the U.S.A the term 'enabling state' (Gilbert, 2002; 2012) has been used to illustrate the essential change from 'conventional welfare' to policies that enhance personal responsibility and labour market participation (Gilbert, 2012).

Some of the main critiques of the SI model is that all in all it shares the logic of neoliberalism: primarily that SI does not support the notion of benefits as a means to secure basic human rights, nor as a redistributive tool to mitigate inequality, as is the case in 'traditional welfare' (Jenson, 2010). Rather it directs social spending towards 'activating' individuals to take responsibility for their well-being through the labour market and refrains from providing 'passive benefits', which neoliberal logic identifies as 'Welfare Dependency'. Critics warn that the shifting emphasis of policy towards social investment in human capital and labour market integration may come at the expense of social protection and inclusion for all (Cantillon and Van Lancker, 2013). From a theoretical perspective, critics challenge the idea that SI is an emerging policy paradigm (Jenson, 2012; Hemerijck, 2018), asserting that SI policies are merely a hybrid form of welfare regime and pragmatic instrumentalism that combines liberal and neoliberal logic with social democracy (Lister, 2004).

Scholarship also draws attention to the different interpretations and implementation of SI policies (Bonoli, 2009; Morel et al., 2012). Jenson (2010) suggests that the polysemic nature of SI allows for its multiple meanings and policy directions. Deeming and Smyth (2015) describe two distinct versions of SI platforms: the 'heavy' Nordic notion that involves relatively high public spending, and the 'light' more liberal one, which is market oriented.

Studies regarding public perspectives of SI policies indicate that they enjoy general support. However, different beneficiary groups perceive and react negatively to increased government investment from which they do not benefit themselves. This means the popularity of SI is limited by an individual's personal life situation (Busemeyer and Neimanns, 2017; Neimanns et al., 2018). Ideological predisposition also impacts support for different SI policy strategies, in the sense that traditional supporters of the welfare state are more inclined to reject cutbacks in benefits and pensions, even at the cost of additional spending (Busemeyer and Neimanns, 2017; Neimanns et al., 2018). Regardless of differences between welfare regimes and social and political contexts, policy makers continue to present SI as a strategy to fight poverty and social exclusion, while promoting overall social and financial sustainability for all individuals and groups. The following section will focus on the role of SI to promote social inclusion.

Responding to the challenge of social inclusion

Social inclusion of individuals and groups has been a major challenge for social policy since the 1970's (Atkinson et al., 2017; Craig and Porter, 2005; Silver, 2010). In the past two decades SI policies have been promoted to tackle economic and social challenges of social inclusion in Europe, Canada, U.S.A, Australia and also in developing countries with various political and economic structures (Craig and Porter, 2005; Gilbert, 2002; 2013; Jenson and Saint-Martin, 2003; Morel et al., 2012; Silver, 2010). Referring to the "Lisbon agenda for growth, employment and social inclusion" that emanated from the Lisbon European Council of 2000, Jenson and Saint-Martin (2003) conclude that "A very tight link now exists in policy circles between fostering participation in the present . . . to ensure . . . social cohesion, in the future" (pp. 88). In its report of 2004, the European Council continued to strengthen the link between social inclusion and social investment policies declaring that: " . . . Relatively high levels of investment in policies to promote social inclusion and social cohesion are recognized as also making an important contribution to achieving sustainable economic and employment growth" (European Commission Directorate-General for Employment and Social Affairs, 2004).

More recently, Morel and colleagues (2012) asserted that: "social investment policies aim to foster greater social inclusion by facilitating access to the labour market for groups that have not had access to it before . . . invest in human capital development . . . and help to make efficient use of human capital . . . while fostering greater social inclusion" (Morel et al., 2012, p. 2). These examples demonstrate the strong linkage between social inclusion and SI approach, especially through labour market participation. However, this link may not be as strong as policymakers would present it. Specifically, there has been much debate

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around the SI pillar of full market participation. The strong push towards participation via the labour market promoted demanding active labour market policies (ALMP) in most western countries. Demanding ALMPs are measures that pressure the unemployed to accelerate labour market reintegration by tightening job search requirements, restricting the duration or generosity of benefits, and close monitoring of the job search process (Fossati, 2018; Eichhorst and Konle-Seidl, 2008: 5; Clasen and Clegg, 2011; Bonoli and Natali, 2012; Knotz, 2014).

While "enabling activation" supports the development of individual human capital by providing vocational training or childcare provision, demanding activation (sometimes referred to as 'punitive') comprises sanctions for non-fulfilment of extensive job-search requirements or refusing job offers, mandatory unpaid work and the psychocompulsion involved in mandatory skills building and motivational training (Raffass, 2017). After almost two decades of AMLP, their effectiveness is still debated (Raffass, 2017; Van Vliet and Wang, 2015). Regardless, most OECD countries push individuals to the labour market and opt for more demanding mechanisms, which cut public expenditure (Eichhorst and Konle-Seidl, 2008). If social inclusion relays heavily on labour market participation, what are the implications for individuals who face poverty and social exclusion when they are pushed towards precarious employment? Or for those who cannot be integrated into the labour market for various reasons? Although the SI approach strives for social inclusion, it appears that it has serious shortcomings, both inherently and in practice, when it comes to protecting the most vulnerable groups in society (Cantillon and Van Lancker, 2013).

The Israeli Policy Context for social investment

Israel presents an interesting case of juxtaposition between exceptional growth and high rates of poverty (Koreh, 2017; Lahat, 2018; OECD, 2018). On the one hand Israel boasts a dynamic high-tech sector and is dubbed 'Start Up Nation' with more startups per capita than any other country in the world (Fraiberg, 2017). Israel's economy registers remarkable macroeconomic and fiscal performance with steady growth and unemployment levels that are low and falling (OECD, 2018). On the other hand, Israel ranks high in poverty among Western countries (World Economic Forum, 2018) and presents a strikingly high rate of inequality (OECD, 2018; Endeweld et al., 2017). About 20 per cent of the Israeli population lives below the poverty line (Endeweld et al., 2017), defined as one half of the median disposable income per person (Ben-David and Bleikh, 2013). Although general poverty rates have declined slightly, they continue to be high especially for Arab families, with about 50 per cent poverty rate, and ultra-orthodox Jews with about 45 per cent poverty rate. Israel's high employment rates do not mean that working families are safe from poverty, as almost 60 per cent of poor families have at least one working member. Poverty

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rates drop for two parent families, but single parent families are entrenched in poverty with few opportunities to escape (Endeweld et al., 2017).

In the last three decades Israel has moved from social-democratic welfare orientation towards a neoliberal regime (Doron, 2003). This resulted in Israel's welfare system, cash benefits and tax instruments to be less effective in reducing the poverty rate than in other Western countries (Ben-David and Bleikh, 2013). In the context of global crises, the high cost of living, rising levels of poverty and expanding economic gaps, the Israeli public took to the streets in the summer of 2011 calling for social justice. Although the popular protests arguably represented middle-class family's needs and may not have given enough attention to those struggling with poverty, they prompted policymakers to provide answers to the demanding masses that filled the streets (Rosenhek and Shalev, 2014). This resulted in two major SI schemes designed to promote increased labour market participation for excluded groups, initiated and signed by a right wing neoliberal oriented government (Maron, 2019; Zehavi and Breznitz, 2018). The first involves the promotion of several programs targeting minority, non-Jewish groups. Backed by an unprecedented government decision in 2015, these programs demonstrate an effort to encourage growth and reduce inequality via the economic inclusion of historically excluded minority groups (Maron, 2019). The second program subsidized childcare for working families with children as young as three years old in order to allow greater labour market participation. This was supplemented by an increased engagement of the Ministry of Labour, Social Affairs, and Social Services in employment services for the poor. The ministry, which oversees most welfare services in Israel, now prioritizes employment services for disadvantaged individuals and groups as a strategy to combat poverty and social exclusion.

According to Maron (2019), Israel's policy translation of SI approach involves competing principles of governance and economic philosophies. Zehavi and Breznitz (2018) introduce the concept of the 'neoliberal targeted SI state' which refers to the fusion of neoliberal logic and SI strategies. This notion refers to SI programs driven by economic rational, promoted by neoliberal actors and targeted at narrow minority groups. In this version of SI, egalitarian outcomes, should they occur, are regarded as a side-effect. This version of SI may correspond with or complete Deeming and Smyth's (2015) concept of 'light' SI strategy, referring to the Australian 'Work First' SI approach. This approach, which is also mainly driven by economic rationale, relies on strong work incentives and a punitive stance towards social assistance recipients and implemented largely at the expense of social expenditure and stronger social support required for a more inclusive society.

In the context of these evolving versions of SI model, this study examines the perceptions of SI target population – individuals and families from diverse groups in Israeli society.

Methodology

The data were collected in the west area of Haifa, Israel's third largest city with a population of over 280,000 residents, throughout 2012-2016. Haifa is a post-industrial port city that serves as the center of the country's northern metropolis. The poverty rate in the west area is one of the highest in the city, and the population is of a diverse ethnic and religious makeup: Jews (comprised of many new immigrants from FUSSR and Ethiopia) as well as Muslim and Christian Arabs (Haifa Statistical Survey, 2018).

The west area of the city was the focus of an academy-community partnership between the University of Haifa and local agencies developed to combat social exclusion (Ofek, 2017). Study participants were residents who were involved in leadership projects to promote social inclusion and social rights for excluded individuals and families. Most study participants were integrated into the labour market in full-time employment. Participants' income was self-reported to be near the poverty line at the time of data collection.

The research employed several qualitative methods: in-depth interviews, focus groups, participant observations, and textual analyses of records of community meetings and public records. In-depth interviews were conducted with 30 participants recruited through purposive sampling that reflected the ethnic, religious, gender, and age makeup of the area. All interviews were conducted at the participants' chosen time and location and lasted between 45-90 minutes. Data were also gathered from six focus groups conducted with a total of 63 participants. The ethnic, religious affiliation and age of participants who took part in the focus groups is reflective of the diverse makeup of population in the area (see appendix a). Numerous participant observations were conducted throughout the duration of the study at meetings and public gatherings where data were collected using field notes and official protocols. Data were also collected using protocols and other textual resources given to the researchers by participants during the research period.

Data were recorded, transcribed, and analyzed according to the principles of grounded theory analysis (Glaser and Strauss, 1967). Emergent themes (Charmaz, 2000) and patterns (Creswell, 2012) were identified using a thematic analysis, whereby the first author read through three transcripts to identify broad themes. The second author then independently reviewed the data. The authors discussed the resultant coding schemes and resolved differences through consensus to develop a unified coding scheme that was then applied to all study data. In coding, authors looked for shared understandings and divergences (Sandelowski, 2000). Three main themes emerged: the first, perceptions of SI, relates to the study participant's expressed views regarding agency and responsibility which appeared as they shared personal and family history; the second focused on lived experiences with the labour market and the education system; the last theme, envisioning the future, refers to the study participant's expectations regarding their own and their children's prospects.

In the data analysis, researchers selected an interpretive, phenomenological lens that privileged participants' interpretations (Smith and Osborn, 2003). The main findings were communicated to several research participants as a means of member checking to enhance research credibility (Padgett, 2016). Initial findings were also shared with professionals who worked with similar projects in the area but were not directly involved with the current research. The process of data sharing provided reflexivity and contributed to the refinement of the categories.

Permission to conduct this research was given by the ethics board of the Faculty of Welfare and Health Sciences at the University of Haifa. In the findings section identifying characteristics are eliminated to maintain confidentiality. Each participant quoted was given an alias, written in parenthesis, along with participant's gender and age.

Findings

Perceptions: Accepting SI Logic

This section examines participants' views of SI in the context of efforts towards social inclusion. Findings indicate that participants' perceptions acknowledged and reinforced a SI logic. Most notably, the notion that full labour market participation and human capital development are key to their social inclusion.

Participants displayed a strong sense of personal responsibility to fully integrate into the labour market as a means to promote their social inclusion. Unfolding their personal and family narratives, participants expressed views regarding responsibility and emphasized their work-related agency despite harsh personal and family circumstances. The following is an example given by a father who described his predicament when his wife became ill and eventually passed away shortly after delivering their third child. Trying to reconcile financial problems and parental duties in a time of grief, he proudly emphasized the importance of finding a job to get the family back on track: *'I don't like the people who say, "good luck". No! We create our own fortune. If I wake up in the morning looking for work – then I'm looking for my luck. I don't need luck to find me!'* [David, M, 50]. David's narrative adheres to the SI logic, which prioritizes work over public support even in difficult life situations. Another example of the internalization of the SI idea comes from a single mother who cares for her adolescent son and elderly mother. She described her efforts to keep a precarious position during major cutbacks: *'I didn't give up. I fought like a lioness . . . and I succeeded, out of 230 workers [that were fired], to keep my job. They are thankful that they have me now'* [Sophie, F, 42]. Like the preceding example, Sophie's case also demonstrates a strong sense of individual responsibility and the imperative to hold on to her job at almost any cost. In both examples, study participants did

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not mention government assistance as a legitimate way to resolve obstacles in the labour market or promote inclusion. On the contrary, they were proud of applying, almost exclusively, their individual resources. These cases indicate the acceptance of an economic rationale for integration into the labour market, which lays most of the responsibility for inclusion on individuals.

Research participants' views also adhered to the SI human capital narrative, emphasizing their children's education as an important investment towards the social inclusion of the next generation. Lily, a single mother of three was struggling to make ends meet working as a caregiver for the elderly. In describing her perception of inclusion, she envisioned a better future for her children through education: '*My kids will come to know that knowledge is power. I did not manage to get out of poverty, but the change in my life will be through my children's education*' [Lily, F, 38]. These words demonstrate Lily's belief that education will free her family from multi-generational poverty and exclusion. This was also the case for another participant who emigrated from Ethiopia in the 1990's after walking to Israel, the 'promised land', through the Sudanese desert. Despite living in poverty, his daughter secured a scholarship to an exclusive private school:

> *'All her friends are Ashkenazim ("White" European Jews). They come from the best neighborhoods . . . this is . . . excellent! . . . This is what I wanted for my daughter . . . Whoever controls the education system should notice and make sure the weaker segments of society are included' [Mekonan, M, 53].*

In this case, education is not only perceived as the means towards future social inclusion but is also the key for upward mobility in the present. Interviews and focus groups are replete with examples of participants' perception that investing in education would promote social inclusion for themselves and the next generation. Contrary to their acceptance of SI logic, their lived experiences in the labour market and education system turn out to be exclusionary, as will be presented in the following findings.

Experiences: Struggling with the system

Study participants shared their experiences with work and school describing many cases in which they encountered discrimination, exploitation, and distrust. Most study participants were working 40 hours a week or more, mainly in services and care for private companies, public for-profit, or non-profit organizations. Although full time employment corresponds with SI goals, throughout interviews and focus groups participants used words such as 'war', 'bunker', and 'fight' to convey their experiences for inclusion in the labour market. For example, this participant, who was employed in a government program to include citizens from the Muslim minority in society, felt discriminated against:

'I am part of the Arab [minority] . . . so I feel that I need to put in more effort, to put more of a fight . . . I need to have a better education, more work experience . . . just to get in . . . I don't know if this is deliberate, but it is very clear that everyone wants to take care of their own and not of those who are different'. (Muhamad, M, 32).

At the time of the interview, Muhamad was working for a national program designed to promote inclusion of Arab citizens. However, the goal of inclusion was contrasted by his own experiences of being *'different'*. In other cases, participants were subjected to blatant racism. Such was the case of Taspa, who immigrated from Ethiopia and had secured employment with good benefits. However, he had to deal with incidental racism and violence from some of his co-workers, as described in this example: '*. . . He (a co-worker) raised his hand and started swearing. It got really bad and nasty. He said: "You were raised on a tree like the monkey!" . . . They (other colleagues) all heard it . . .* ' [Taspa, M, 42]. In this case, even though this study participant secured gainful employment, the work environment exacerbated his sense of exclusion. The struggle with systematic exclusion in the labour market was also apparent in the following example given by a single mother that described the price she pays to keep her position: '*The problem is that people are really scared to lose their jobs. So they avoid talking or reporting problems . . . people must endure many things . . . even sexual harassment . . .* ' *[Smadar, F, 42]*. This participant did not disclose whether she was referring to herself; nevertheless, the fear of joblessness subjected her to unethical, potentially illegal treatment. These examples were given by participants who are considered religious, ethnic or gender minorities, which may suggest that the struggle is more prevalent among people from these excluded groups. In such cases lack of financial or social support for excluded groups may create fear of unemployment leading to extreme inequality in power relations.

As shown in the previous part of the findings section, study participants also perceived education as a major vehicle towards social inclusion. However, for many of them, experiences with the school system yielded little success. Several participants associated this with an overall sense of inequality. For example, this father, who was involved in community projects to promote education said:

'I don't think someone is secretly conspiring . . . to exclude certain groups. It's in the system. The schools are bad, and the parents don't have enough money for private tutors, so this only gets worse. It's like a vicious cycle' [Ofer, M, 36].

The vicious cycle that Ofer describes mixes systemic disinvestment in local schools with family poverty to perpetuate the exclusion of *'certain groups'*.One of the main tenets of SI is that a prime channel to achieve social inclusion is long-term investment in human capital that should start in early life (Hemerijck, 2012). Conversely, this participant experiences local schools

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as a form of disinvestment in human capital, which establishes his excluded place in society, as well as his children's.

Many study participants described struggles to draw greater public investments to local schools. The resistance they encountered often came from other groups who seem to have benefited from existing policies and programming. The following is one example of a dynamic that transpired when a new upper-class development was constructed in proximity to a struggling school in a low-income neighborhood, which was described by several study participants. The residents were hopeful that the new development would mobilize more public and private resources to the school. However, their new neighbors of higher social-economic status quickly organized to petition the city to change school zones so that their children could enroll in better schools. One of the study participants shared what city officials told him: *'The (old) school will eventually close . . . They plan to erect a new school up (in the new development). Such that has never been seen here before. They said they will invest 14 million NIS . . . '* [Shai, 45]. This participant, who struggled for greater investment in education, was frustrated to realize that future investment was promised only for his upper-class neighbors, leaving the local school predominantly segregated and poor.

Even in schools with a diverse student population, study participants from groups that are considered minorities described exclusionary dynamics. One study participant, an immigrant from Ethiopia and mother of two, described her experience with inclusion: '*. . . If there is violence, they say it's because the [Ethiopian] children are aggressive. [Now] they take the kids to other schools outside of the city . . . their class is separated . . . the school is white . . . a black only class*' [Asmara, F, 45]. In this example, although learning opportunities are provided for all, segregation within the school establishes social exclusion rather than inclusion. A similar experience was described by another mother in a different school, where many children come from families that immigrated from FUSSR: *'This is a very small school and this headmaster . . . she doesn't like Russians so much . . . We feel we are like outcasts in the school. It's like us and them . . . '*. This example illustrates what parents that come from the most vulnerable groups feel when they try to secure a better future through the development of their children's education,

These findings present some of the struggles study participants experience within the labour market and education system as they strive to be socially included. As much as participants internalized personal responsibility as the neoliberal SI model prescribes, they were met with daily encounters of racism, sexism, abusive management, and harsh working conditions that contribute little to social inclusion.

Envisioning a future: The emotional aftermath of social investment

As a result of the clash between participants' internalized SI ideas for social inclusion and their exclusionary experiences in labour market and education system, study participants expressed feelings of discomfort and dismay. For some participants subjective feelings of inclusion were as important as other basic needs. For example, this working mother of two young children said:

> *'I think that looking at this financially – I have a job or don't, there is money for bread or not – that's one way of looking at things, which is very important. But there is also how you* ***feel*** *in your environment: the school, the neighborhood, the supermarket, and that is something that I see as very, very important' [Alona, F, 36].*

Alona emphasized the importance of the social components of inclusion, which emerges in daily local encounters. In a similar vein, another participant who is a part of the Arab population talked about his own feelings: *'. . . [I feel like] government sees me as if I'm in the margins . . . This is not how you* ***feel*** *you belong. And then there is a feeling . . . upset. [You]* ***feel*** *that you have no impact on society . . . ' [Muhamad, 32].* Contrary to the SI idea that labour market participation would promote the ideal of social inclusion, this participant, who has a stable full-time job, feels that he is not socially included.

In light of these struggles and feelings of dismay, many participants expressed disillusionment with the notion that social inclusion can ever be achieved. While most study participants perceived the SI pillars of labour market participation and human capital development as mechanisms for individual advancement, they also expressed acceptance of extreme social-economic gaps that they see as insurmountable. Their acceptance was expressed in many different ways. For example, one participant stated:

> *'This is the normal order of things' [Sigal, 36]*

to describe the unequal dynamic that prevents her social inclusion. This situation leaves little room for hope, as another study participant said: '*Nothing is going to change anyway. Whatever we do, nothing will change. That's the idea' [Muhamad, M, 32].* The term '*caste*', a rigid social structure from historical Hinduism, was used by several study participants. For example, this middle-class participant who said: *'Society builds castes. And these castes are forever . . . . And if a person succeeds to move out, well in the eyes of society, it does not represent the group. Because there must be a caste. It creates order' [Shadia, F, 55].*

Study participants came from different groups in Israeli society; therefore, it is important to note that expressions of dismay and what appears as disillusionment from the promise of social inclusion were prevalent regardless of a participant's belonging to a perceived minority group with respect to ethnicity, religion, gender or economic status.

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Discussion

This study explored the lived experiences of individuals and families that reside in an excluded area in Israel. The study focused on two central pillars of the SI approach: full labour market participation and human capital development through education (Deeming and Smyth, 2015; Esping-Andersen et al., 2002; Hemerijck, 2012). The study examined three areas: perceptions of SI, experiences of SI, and future expectations of SI.

The findings show that study participants accepted the basic assumptions of SI rhetoric and acknowledged the main pillars of the approach. This was evident in their portrayal of the importance of the labour market and development of human capital as the main mechanisms towards their inclusion. These perceptions were apparent both in narratives and actions, as study participants were working and striving to secure the best education available for their children. However, their lived experiences demonstrated that although participants and their families were fully integrated into both the labour and education systems, they conveyed strong feelings regarding their place at the margins of society. Indeed, the same pillars of SI that were supposed to promote inclusion accomplished the opposite as they further entrenched participants' social exclusion by replicating discriminatory and oppressive practices. Lastly, in the aftermath of a continued struggle that yielded little results, study participants were left disillusioned. While they continued to struggle, they expressed little hope of inclusion, not only for themselves, but also for their children. The findings support the critique of SI policies, specifically those that emphasize full labour market participation by applying more punitive versions of activation (Fossati, 2018; Eichhorst and Konle-Seidl, 2008; Clasen and Clegg, 2011; Bonoli and Natali, 2012; Knotz, 2014). Furthermore, they suggest that neoliberal SI strategies, which are driven by economic rather than social rational, may generate multi-generational failure for individuals and families, as they reproduce exclusion in the labour market for vulnerable employees while inhibiting human capital development for their children.

Gilbert (2002) draws on Durkheimian theory to suggest that the labour market with its occupational associations may act as a 'secondary group' that connects citizens to government, serving as integrating mechanisms that establish unity and order while supporting greater solidarity (p. 46). According to this logic, labour force participation extends beyond economic rationale. It is viewed as conducive for the greater good of society while it helps promote individual well-being. According to this notion, by participating in the labour market, individuals also strengthen their ties to the collective and create social support to mitigate personal distresses (Gilbert, 2002). But what happens when a neoliberal SI approach driven by an economic rationale and promoted by neoliberal actors and the labour market does not support solidarity, but further perpetuates disadvantage and inequality? Findings suggest that in this case individual outcomes

may reverse to instigate greater personal distress, sever ties to society and diminish trust in the mechanisms of SI. When citizens from excluded and vulnerable groups lose hope in social inclusion and remain economically and socially weakened, the premise of SI seem empty.

SI policies gain public acceptance and political support through the potential they present to promote social inclusion (Craig and Porter, 2005; Gilbert, 2002; 2013; Jenson and Saint-Martin, 2003; Morel et al., 2012; Silver, 2010). However, when implemented in a neoliberal investment state, policies are highly influenced by labour market priorities set forth by the financial sector, largely ignoring the social aspects of inclusion. Consequently, full labour participation is no longer a vehicle of social inclusion, but instead becomes the primary goal, forcing the 'social' out of the SI state. Moreover, the two main pillars of SI may work against each other when SI policy is applied in the neoliberal state. If SI requires increased public spending for human capital development and public assistance, but neoliberal governments tend to reduce spending and apply more demanding activation policies, the result is that the vulnerable and unemployed are driven to a precarious and oppressive workforce in the name of inclusion.

When the social aspect is ignored, SI is superficial and fails to demonstrate the great move from neoliberalism that some literature would posit (Morel et al., 2012). This seemingly new policy shift may be supported by political rhetoric from right and left using inspirational political discourse of reform, which emphasizes activation, empowerment, and social responsibility, terms that convey to citizens just how important it is to get them to work as soon as possible (Gilbert, 2012).

If a meaningful SI policy is to be implemented, major structural change must be both broad and deep. The study finding indicates that in most cases participants who encountered exclusion in the labour market were either unskilled or uncertified. SI policy that involves greater public investments in human capital development to advance professional training for adults and provide quality education beginning in early childhood is especially important for excluded families in vulnerable life situations, as it may mitigate excluding dynamics in a precarious labour market (Hemerijck, 2018).

To make a genuine shift from neoliberal policy, SI must also invest in the social capital of individuals and communities to enhance solidarity and support social inclusion. The findings exposed study participants' experience of biases and prejudice. This was especially apparent at the intersections of gender, age, nationality, and ethnicity that situate the most vulnerable individuals and groups at the greatest risk of exclusion through the same SI policies designed to accomplish inclusion. In order to fight excluding dynamics in the labour market, public organizations as well as the private sector must actively strive to include and welcome citizens of diverse ethnicities, genders, and nationalities by making changes to their policies and daily practices. Finally, although participants' efforts did not result in unalloyed success and

resulted in expressed feelings of disenchantment from social inclusion, their struggle is a demonstration of agency and hope. This can be harnessed, with substantial public investment and organizational change, to promote the inclusion of marginalized groups for the benefit of all citizens.

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Supplementary material

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