

Social Investments and Regionalism as a Phase in the Development of Social Policy?

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Aim: This article explores the evolving role of social investments and regionalism as contemporary phases in the development of social policy, with a focus on Poland. The research aims to examine how shifting economic, demographic, and technological conditions, including labor market volatility, environmental constraints, and educational inadequacies, create the need for a transformation of traditional welfare models into more adaptive, regionally-sensitive, and investment-oriented strategies.

Design / Research methods: This is a conceptual and analytical study based on critical review and synthesis of historical developments, institutional changes, and policy strategies in European and Polish social policy.

Conclusions / findings: The paper identifies social investments, particularly in education, as a key instrument for improving societal adaptability to modern challenges. It emphasizes the growing importance of regional differentiation in social policy, highlighting the need for decentralized and flexible approaches. In Poland, this transformation remains limited due to institutional inertia and centralization, despite evidence of local readiness and emerging initiatives.

Originality / value of the article: The article offers a novel integration of social investment theory with regionalism, showing their potential synergy for modernizing welfare policy. It is particularly valuable for policymakers, educators, and scholars interested in sustainable and inclusive development, as well as for practitioners designing regionally responsive social programs.

Implications of the research: The findings suggest that enhancing local autonomy and investing in adaptive education systems can significantly strengthen social cohesion and labor

market inclusion. They offer a policy framework for rethinking how central and regional authorities share responsibility for social development.

Keywords: Social policy, Social investments, Human capital, Welfare state, Poland, Institutional change

JEL: I38, H75, R58, I24, J24.

1. Introduction

Looking at the four-hundred-year history of social policy, it can be assumed that its scope is continually expanding. New forms of its implementation are introduced gradually, reflecting the recognition of new needs and the necessity to shape institutional forms for their realization.

Changes in social policy involve the gradual increase of the state's involvement in the sphere of social relations. The institutional expression of this has been the systematic efforts to care for selected groups of citizens - initially, those who, for various reasons, were unable to secure the conditions for their own existence. For more than two centuries, the scope of these changes remained relatively stable.

An underestimated or often overlooked sign of the initiation of a purposefully integrative form of social policy implementation is the introduction of compulsory education for all children in Prussia in 1763, aimed at creating disciplined citizens and workers. Education in this form began to spread in other countries only in the 19th century [Stone 1976].

This article explores the evolving role of social investments and regionalism as contemporary phases in the development of social policy, with a focus on Poland. The research aims to examine how shifting economic, demographic, and technological conditions — including labor market volatility, environmental constraints, and educational inadequacies — create the need for a transformation of traditional welfare models into more adaptive, regionally-sensitive, and investment-oriented strategies.

2. Premises of the Regulatory Model of Social Policy

The Industrial Revolution brought, among other things, the accelerated concentration of workers in large urban centers and the increase in importance of their labor in the economy, which led to changes in social relations. This process generated many new social problems, including the increasing risk of social unrest. Its significance cannot be considered without acknowledging the influence of ideas from the Enlightenment which disseminated through education, which was accompanied by an increasing awareness among various social groups of the need for systemic corrections in the functioning of the state [see Ostenhammel 2013].

Industrialization was strongly linked to the growing importance of the state and the development of the nation-state as an institution ensuring social peace and integration. This was reflected in the increased share of the state in the growing national income and its distribution (Wagner's Law on the increasing share of social spending). The increase in labor productivity led the state to intervene and regulate aspects of how work was prepared for and carried out. The state gradually assumed the role of a regulator of socio-economic life, including labor relations, working conditions, and working hours. This was manifested in Bismarck's top-down reforms in the area of health and pension insurance for workers - later adopted by democratic states.

A similar process occurred in public education, which obtained an essential role in preparing individuals for work-related norms. Expanding public education not only served to instill respect for existing standards but also to foster citizenship and a sense of belonging to a particular state, nation, social group, or profession. World War I brought significant changes in the social sphere. One reason was the temporary expansion of the state's role during wartime. These changes involved regulations concerning former soldiers, particularly the wounded, increased roles and employment of women, and modifications to labor relations.

The appeal of certain slogans, including those related to social policy, and the overestimation of institutional roles, also lay behind attempts to create a model of state dominance, e.g.. through the monopolization of its role as a creator in the economy

and social life (e.g., the USSR or other dictatorships). This led to the pursuit of utopias through the elimination of opponents and critics.

The Great Depression of the 1930s made citizens of democratic countries aware of the state's role in ensuring the livelihood of those who lost their jobs and pushed societies to place greater responsibility on governments to create conditions for job generation. World War II brought, particularly in Western countries, the development of institutional forms securing social peace within the framework of the so-called welfare state. This system provided, e.g., a stable improvement in material conditions, social benefits, improved living standards, and low unemployment. A specific coalition of the middle class and workers, along with high taxation of high-income earners, supported the formation of the welfare state and its various models.

Economic and political changes in the late 1970s, such as rising energy prices, increasing social diversification, and capital concentration, caused major shifts in this arrangement. These changes were reflected in the slowdown of social spending growth and its restructuring. After the dissolution of the USSR, this was accompanied by efforts to reduce the role of the state in the economy (globalization) and attempts to economize social policy expenditures [Kennet 2004; Lopez-Casnovas et al. 2005; Piketty 2015].

A very general assessment of the so-called industrial revolution, from the perspective of social policy, can be expressed in three points:

1. An increase in the importance of institutional (mainly state) guardianship and compensation in the form of benefits and regulations aimed at improving living and working conditions;
2. Recognition of the importance of investment in human capital as a factor of socio-economic development;
3. The acknowledgement of the economic, social, and environmental limitations of traditional social policy, indirectly pointing to directions for future changes, such as greater diversification and flexibility in the scope and forms of benefits and services, the purposeful regionalization of policy, and taking into account the specific conditions of residents [see Orczyk 2006; Szarfenberg 2010; Golinowska et al. 2008; Książkowski et al. 2009; Piątek 2012; Żołędowski et al. 2015].

3. Time for Modification – Social Investments?

The beginning of the 21st century marks, on the one hand, a continuation of the restructuring of social benefits and, on the other, attempts to prepare for new living and working conditions shaped by the Internet, ongoing globalization, demographic changes, artificial intelligence, and the growing awareness of environmental problems. These shifts are also accompanied by changes in the structure of social values, including increasing individualization. Signs of transformation are becoming increasingly visible, but their pace and scale are uneven and difficult to incorporate into the institutional organization of social life within individual states, especially as these states must now contend with the growing influence of multinational corporations [see Golinowska 2018].

In this context, the strategy of activating social policy has gained popularity — and more recently, the concept of social investments has emerged [see Rymśa 2013; Kubicki, Błędowski 2014; Necel 2017]. It is assumed that social investments can help create a period of adaptation, thereby increasing the chances for individuals and communities to adjust to and cope with the new uncertainties and threats associated with the transformation of living and working conditions across varied situations [see Golinowska et al. 2008; Księżopolski et al. 2009; Piątek 2012; Żołędowski et al. 2015]. In other words, pilot programs and verification efforts are becoming important tools for shaping modifications to social policy principles — modifications that, while diverse due to differences in living and working conditions, are nonetheless socially acceptable.

The gradual realization of the difficulty in implementing a universal social policy by the central government, especially in democratic states, opens up certain opportunities for modifying or even generating changes in social behavior within regional systems. This trend can be observed in EU countries. It applies not only to the economy but also to environmental specificities, as well as attempts to activate or more broadly include women, youth, and seniors in the workforce. This process gained more significance after the 2008–2009 financial crisis, when demographic limitations and their regional variations became evident, together with the challenges they posed to implementing a standardized, protective social policy. This was

reflected in efforts to reform or modify pension systems as well as initiatives aiming to introduce regionalization (e.g., in Italy and Spain) [Golinowska 2020].

4. Social Investments

The issue of the scale and direction of social investments emerged in Europe in the 1990s, parallel to the restructuring of the previously dominant protectionist model of social policy. A key obstacle to increasing social investments was the difficulty in isolating expenditures whose outcomes could clearly be classified as the result of such investments. One solution was the adoption of an operational distinction of objectives whose achievement would not occur without such investments. This approach enables comparisons of the effectiveness of various types of expenditures, and in some cases, assessments of efficiency or the productivity of public spending on social objectives [Morel et al. 2015]. Regardless of ideological origins, social investments became both a form of economization and decentralization, as well as an attempt to overcome the inertia and limited flexibility of the traditional welfare system based on legal-administrative criteria.

Despite ongoing debates about the scope and feasibility of applying social investments, their use expanded steadily. This became evident not only in EU countries but also in Southeast Asia, as well as in South and North America [Garritzmann et al. 2022]. The scale and focus of activities varied across countries. Studies in this field also highlight specific social investments as adjustments to existing policy models. In countries with lower levels of social spending, the decision to prioritize social investments became more pronounced. Most often, these investments were associated with education and the improvement of living conditions. They concerned the adult population, but also targeted the development of institutional childcare systems.

In the EU, data on changes in both the scale and structure of social spending in the 21st century show an increase in targeted expenditures for social policy. After the 2008–2009 financial crisis, such expenditures were no longer purely corrective in nature. Their targeted allocation did not reduce spending on existing policy measures.

Instead, this separation gradually became a stimulus for developing strategies to implement social investments.

Authors of a report prepared for EU authorities identified three distinct strategies for implementing social investment across member states: balanced, basic, and unilateral strategies. In the first group, social investments had a complementary and corrective function, essentially modifying existing benefit and service systems. This approach was typical of countries with a high share of social spending in national income. The second group involved countries where social investments helped to create new areas of social services or significantly expanded their basic scope. The third group included countries that concentrated resources in a specific area, such as the creation of a new benefit or service [Baiocco et al. 2022].

It is worth noting that Poland followed a different path, introducing a new cash benefit for families with children, while the actual share of resources allocated to other social services (like education and healthcare) stagnated. As a result, the benefit primarily improved the situation of families with the lowest incomes [Franielczyk 2024]. Regardless of the adopted strategy, EU countries generally focused their attention and resources on initiatives aimed at preparing societies for life and work under dynamically changing conditions.

This was most strongly reflected in education expansion. The diversity of forms and scope of investment in this area across countries was significant. It included everything from early childhood support to the activation and training of seniors to meet the demands of new technologies and organizational models in both everyday life and employment contexts.

One of the most important features of social investments is that they allow for targeted, focused action while also offering the potential to shape or modify a chain of social values. It is widely acknowledged that social investments should strive to create better developmental conditions for all social groups. However, in each case, regional priorities may emphasize not only specific skill needs but also dimensions of social inclusion. This approach aims to reduce excessive individualization while developing new forms of social interaction.

The implementation of social investments varies widely across countries in both form and scope. The assessment of such investments also differs depending on the perspective:

- From a human capital point of view, the focus is on their creative, mobilizing, and protective functions.
- From a social perspective, inclusivity, behavioral impact on specific social groups, goals, and corrective potential are considered.

Due to this diversity of evaluation criteria, central planning or rigid legal regulation of these processes is difficult. Therefore, decentralized decision-making, flexibility, and regionalized assessment are essential prerequisites for success [Orczyk 2020; Pielński 2010].

In light of changes in the sphere of labor, social investments are considered in relation to the outcomes they generate for different groups:

1. Future workers – identifying their employability potential while shaping universal skills and discovering talents, and aligning individual plans with external conditions.
2. Development-oriented workers – motivating individuals to improve and upgrade their competencies, and creating conditions for better utilization of those skills.
3. At-risk workers – individuals who, in changing conditions, want to maintain or restore their skills at a level that allows for their continued application and relevance.

5. Education and Regionalism in Poland

The current pace and specificity of changes in labor market demand, in particular for workers and their competencies, are forcing adaptive processes, especially in non-formal education. It has become essential not only to align the skills of those already employed with employers' needs, but also to activate economically inactive individuals, convincing them of the relevance of acquiring competencies for various types of employment, both existing and emerging, as well as those essential for

functional participation in society. This requires investments in non-formal education and changes to the quality assurance system in education.

This also entails developing a model of education for current and future immigrants, as a condition for obtaining citizenship. Generally, the process demands that individuals reevaluate not only their professional careers but also the conditions shaping their behavior and lifestyle.

Proper preparation for a specific job cannot happen without taking into account the interests and involvement of employers and service recipients, nor without adapting to local standards. Shifts in labor market demand require not only changes in the number of employed persons but also frequent adjustments in competencies, especially concerning temporary or task-based work. This is linked to a growing demand for short-term, task-oriented, and adaptive education, which local and regional authorities must assess and support. In this context, social investments serve as a support tool, though they require continuous analysis of labor market trends and evaluation of educational outcomes. Here, the use of human capital theory is fully justified, and linking participation with benefits appears reasonable.

Such changes can be introduced without fundamental institutional reform of social policy implementation methods. However, the near future will demand structural shifts in the nature of work and social life. Preparing for this will require restructuring the entire social services system.

Applying social investments based on human capital theory has limited potential in systemic transformation. Structural and phased preparation for changes in work and social life should begin with reform of the school system. Reforming the school system means initiating long-term transformation that considers changing operational conditions, not just one-off legal acts. Past reforms of the education system in Poland have largely been incremental tweaks to a 19th-century model. A serious approach to education reform requires a strategic plan that includes phases of preparation and implementation, clear evaluation criteria, the identification of limitations and implementation resources, and acknowledgment of evolving conditions and diversity of needs. This points to the need for not only a stronger role of the central government using legal frameworks to ensure equal opportunities but also for mechanisms that

identify and nurture students' individual traits as members of a community [Kawula 2008; Pisz 2010].

This requires serious preparation. In the case of primary schools, reflecting on the purpose and consequences of changes is especially crucial since these schools function as the first and main social sorters, helping children become aware of their capabilities (Sen 2009, 225-320), in the context of peer groups, but also in terms of how their skills can be used locally and regionally. Identifying such capabilities is difficult at the primary level; tests should only support or adjust opinions, not determine them. While necessary competencies may be included as indicators, other traits, like autonomy in task execution, the desire for self-improvement, the importance of feeling safe, and the link between personal activity and family situation, should be reflected in clear, written suggestions [Butler 2021]. These behavioral characteristics evolve throughout schooling, but in an increasingly individualized world, their identification and development will play an increasing role in how graduates assess their school experience.

This justifies, perhaps, reconsidering the idea of an intermediate stage of education, such as a middle school, as a way to help students better understand their potential career paths and educational choices.

In the case of schools as public institutions, the key is to instill values of responsibility and consistency, while respecting rules of cooperation and competition, and their relation to freedom of choice. Shaping the foundations of civil society is a crucial task for schools. However, we already know that a universal model cannot be established, actions in this regard are usually contextual and environment-specific.

Unfortunately, Polish society has largely accepted the notion that it is the family, not the school, that is responsible for shaping the student, and that schools serve only an advisory or service role. This shift in the school-family relationship (e.g., teachers—parents, private education, tutoring) is reflected in institutional solutions that have led to increased formalism, and as a result, reduced the school's actual impact on shaping students' attitudes, skills, knowledge, and behaviors. Reforms should move toward greater school autonomy, with official teacher salaries treated as minimum base pay, supplemented by a dedicated project-based fund managed jointly by the school administration, the parents' council, and the municipality.

The challenge is to create conditions and rules that enable institutions like the family, school, and civil organizations to coordinate and complement each other's efforts, while also helping young people in their local environments identify their strengths and opportunities relative to their peers. This includes understanding various development paths, how to pursue them, and the obligations and limits involved.

Until now, regionalism in social policy has been treated mainly as a functional necessity to be acknowledged by central authorities. The recognition of the socio-cultural specificity of regions has been limited. However, this began to change in most EU countries after 2010 (though much less so in Poland), when differences in labor market activity and demographic structure became more pronounced, and were increasingly seen not as obstacles, but as potential development opportunities. There is now a stronger rationale for harmonizing actions at lower levels of government, taking into account residents' interests and awareness of differing risk levels and their mitigation, both in the short and long term [Kazepov 2010].

Residents of municipalities, counties, and regions want, and will increasingly demand, a say in the conditions that shape their lives. Social investments in areas such as employment preparation and the development of social services can support this effort. A key rule is worth recalling here:

“Consumers of goods and services will never form a civil society, but stakeholders and participants in achieving common goals at least have a chance to form a community.”

So far, the national social policy has limited the autonomy of regions and local communities in shaping their development paths, reducing them to the role of implementers. And yet, social services (education, healthcare, social assistance) enable social inclusion and help develop social cohesion [Hausner 2019, 72-77; Grewiński 2021].

We should begin with public education, whose essence should be reducing excessive individualism while recognizing individual potential and strengthening interpersonal relationships. Ideally, this will be supported by expanding the public education system's capacity (for example, turning schools into centers of local social life and improving digital infrastructure). This would allow for the emergence of new initiatives to improve education in new technologies, artificial intelligence, and

human relationships that help individuals feel valued by others. This concept assumes that the right to education can be used as an opportunity to develop the capabilities of students and residents within their local or regional contexts [Robeyns 2006; Borowicz 1988].

Social policy has developed within capitalism (in its various phases) as a means of citizen integration. Its scope and operational model reflected a certain universalism, but the way it was applied in each country depended on historical background, economic development, culture, and occupational structure. These remain important external variables (since material conditions shape consciousness), but today we must also explore ways to use specific, modern aspects of work and life and align them with individual traits, by recognizing and cultivating them. Starting from the school level.

Improved alignment in this area is possible. Though local and regional environments are limited by school and community capacities, they offer more flexibility than bureaucratic regulation, and may better support the recognition of individuals' potential, helping raise living standards and strengthen community integration, particularly in the realm of services.

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