

CRESSI Working papers

The CRESSI project explores the economic underpinnings of social innovation with a particular focus on how policy and practice can enhance the lives of the most marginalized and disempowered citizens in society.



CRESSI Working Papers
No. 5/2015

Taking Action for Social Innovation

By Thomas Scheuerle, Gudrun Schimpf, Georg Mildenberger

Chapter 5 of:

Deliverable D1.1: Report on Institutions, Social Innovation & System Dynamics from the Perspective of the Marginalised



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Creating Economic Space for Social Innovation

Taking Action for Social Innovation

D1.1 Chapter 5

By Thomas Scheuerle, Gudrun Schimpf, Georg Mildenerger

5.1 Introduction

In his social grid framework, Beckert (2010) identified three types of social forces - social networks, institutions, and cognitive frames – as being relevant for explaining economic outcomes. These forces have been applied to diverse economic phenomena such as the level of competitiveness of economies, the formation of prices, or the stratification of opportunities in labour markets (cf. Beckert 2010), although seldom with accounting for their influence on each other. Despite the distinction of the forces for analytical purposes, Beckert and others argue that approaches that do not take into account all forces remain necessarily incomplete and potentially draw a distorted picture (Beckert 2010: 606, Fourcade 2007). He states that the interrelations among these irreducible social forces strongly influence market dynamics, since they are responsible for the position of actors in more or less powerful positions as well as for their resource endowments. Those are important preconditions for actors to influence the social forces in accordance with their interests (Beckert 2010: 611).

Power and resource endowments provide a link to the other theoretical strands of the CRESSI project, the capability approach, the model of social power sources by Mann (cf. Heiskala 2014b) and its extension by Heiskala (2014a). In an insightful proposition for integration, von Jacobi (2014) distinguishes between a *top-down perspective*, explaining how social forces contribute to marginalization¹ of individuals and groups, and a *bottom-up perspective*, with a focus on how existing social forces and power structures can be altered, in particular by collective action. For the *top-down perspective*, Heiskala's categories of power resources (Heiskala 2014a) are cross-tabulated with Beckert's social grid model as a meta-framework² (von Jacobi 2014: 15). The resulting fields are conceptualized as contextual factors that have a twofold impact on individuals' 'capability functions' and 'conversion rates', i.e. on how individuals manage to transform their personal tangible and intangible resource endowments into individual achievements. The social forces in the different categories can then be understood as initial (collective) *resource* endowments beyond private resources or as contextual *conversion factors*, affecting the rate or efficiency of individual resource transformation³ (von Jacobi 2014; cf. also Chiappero-Martinetti & von Jacobi, 2014b). In the complementary *bottom up perspective*, the paper focuses particularly on collective action via networks as a means of social innovation, and argues that collective agency is an important precondition for this.

In this contribution, we will offer some additional reflection on the relations proposed in the framework.⁴ A particular focus is on *action for change* with regard to the different social structures

¹ Based on the capability approach, marginalization is defined as “a *social process* through which *personal traits* are transformed into *potential factors of disadvantage*.” (Chiappero-Martinetti & von Jacobi 2014a: 9). Marginalized individuals usually are located at the bottom of the distribution in a plurality of dimensions (e.g. health condition, educational achievements, employment security, social relations, etc...) (Ibid: 9f).

² We generally agree with this approach and the assumption that social structures and forces exercise their influences across different societal dimensions and therefore should be studied jointly (von Jacobi 2014: 4).

³ However, these conditions interact with individual preconditions (personal traits etc.), and the interaction might result in different achievements even under similar contextual preconditions (Chiappero-Martinetti & von Jacobi, 2014a; von Jacobi 2014)

⁴ This report forms Chapter 5 of: Houghton Budd, C., Naastepad, R. and van Beers, C. (Eds.), *Report on Institutions, Social Innovation & System Dynamics from the Perspective of the Marginalised*, CRESSI Project Deliverable D1.1. Available at: <http://www.sbs.ox.ac.uk/ideas-impact/cressi/publications-0>

in the context of social innovation, as well as on concepts from economic sociology that can provide conceptual links for the analysis of collective action.

5.2 Social forces in the context of social innovation

Beyond the link of the social with the individual level through resource endowment and conversion rates, Beckert's framework allows to take a closer perspective on the interrelation between different social structures and their alteration. His claim that the analyses of market dynamics need to take into account all social forces is not only due to a potential incompleteness. Concentration on a single macrostructure would also give unjustified support to deterministic understandings of one dominating structure (Beckert 2010: 608). Rather the interdependency among the social forces implies an explanatory pluralism for market dynamics (Beckert 2010, cf. also von Jacobi, 2014). Drawing back to the link with the individual perspective, it has also to be kept in mind that individuals are exposed to different contexts and accordingly to different cognitive frames, networks and institutions, such as family, working environment, etc. (von Jacobi 2014).

We take a closer look now at how the different social forces that potentially exert influence on marginalization can be addressed by taking action in the context of social innovation. We thereby discuss the single social forces separately for analytic purposes but also take into consideration their interrelations as well as their influence / impact on markets and beyond.

5.2.1 Social networks

According to Beckert, social networks such as advocacy groups, intellectuals, experts, or social movements establish the collective power to shape cognitive frames and institutions. Vice versa, institutions and cognitive frames have a strong influence on the structure and perception of the social networks (Beckert 2010: 612). Regarding marginalization and social innovation, social networks can play different roles. On the one hand, they can be a means of collective action to overcome contextual conversion rates that contribute to emergence and persistence of marginalization (cf. von Jacobi 2014). *Creating and strengthening social networks* among marginalized groups or their supporters can for instance increase market power to gain access to markets and compete against more powerful players. Typical examples for such an approach on the supply side of markets are cooperatives or community-based enterprises (Haugh, 2007; Peredo & Chrisman, 2006). By mobilizing local stakeholders, sharing infrastructure, and exchanging knowledge etc., marginalized groups are able to compete with stronger competitors on the supply side of markets. The approach of the Grameen Bank, where micro credit lenders from a specific community are liable for each other strengthens the market position of marginalized groups on the demand side. Moreover, networks might also span across the demand and supply sides, such as in local currency approaches, "Tauschringe", or fair trade. On the other hand, social innovations can also target at *weakening or dissolving social networks* that are responsible for the persistence of marginalization and inequality. This holds true, for example, for transparency initiatives that work against networks of corruption or human trafficking, such as Transparency International or Humanatis, or also for organisations engaging against religious fundamentalists groups that want to prohibit education for girls and women. Structurally, it is possible that the marginalized groups or actors that foster the social innovation are part of the social network, since there might also be inequalities within the latter. The given examples also provide some hints about how social networks in the context of social innovation interrelate with other social forces. Community-led social ventures, for instance, are usually organized around a shared idea (Haugh 2007) or cognitive framework that serves for stakeholder mobilization. Communities are also used to spread certain cognitive frameworks, as in the case of Yeşil Çember, an organization in Germany that educates Turkish immigrant housewives in energy saving. In contrast, networks and social movements active in advocacy attempt to shape institutions, as for instance laws and institutionalized detection measures against corruption. Moreover, the examples show that an analysis of social forces that

influence market domains cannot be restricted to the economic category, but also are inherently intertwined with social forces prevalent in the political or cultural domains.

5.2.2 Institutions

Institutions are regulative rules such as antitrust or labour laws, (intellectual) property rights, subsidies or import customs which influence the structure of social networks and make cognitive frames socially relevant. Conversely, institutions themselves are often shaped by social networks and gain legitimacy from cognitive frames (Beckert 2010: 610). On the one hand, social innovation can aspire to *establish new institutions*, particularly if there are institutional voids (Mair, Marti, & Ventresca, 2012) that perpetuate marginalization on markets by keeping specific target groups in disadvantageous positions with little influence. This can be, for instance, laws that discriminate against specific groups of societies, or missing infrastructure for supporting micro entrepreneurship as a means to alleviate poverty. On the other hand, social innovations can also support the *enforcement of or access to institutions* that might actually be present, but not really active in an applied sense. An example of this would be property rights – specifically for minorities who are not protected by authorities – whose implementation is claimed and monitored by social innovators. Links among the interplay of social forces can be studied in recent forms of online-based campaigning and advocacy. Avaaz for instance builds on a huge virtual community to create large-scale petitions for influencing policies. The increasing appreciation for innovation and entrepreneurial approaches for addressing social problems, meanwhile, has been both fostered by and induced/informed a wide range of networks that promote the approach. This trend is increasingly noticeable in national and European policies and institutions, including research promotion.

5.2.3 Cognitive frames

Cognitive frameworks, the third irreducible social force, exercise their influence through constituting the perception and legitimation of institutional forms and network structures. Moreover, they are shaped specifically within social networks (Beckert 2010: 2012). This means that there is also some room for differentiation when it comes to the role of cognitive frameworks in social innovations. The aim of *changing* can either address cognitive frameworks among the *marginalized themselves*, *cognitive frameworks of groups that exert an influence on contextual conversion factors*, or *cognitive framework spanning across both groups*. For example, despair about social mobility can erode the motivation of marginalized groups in striving for (educational) achievements and is typically addressed by empowerment and education approaches. Employers' scepticism that persons with disabilities or long-term unemployment can be productive as part of the labour force is challenged and changed by successful work integration social innovations such as Specialisterne (IT consultancy with autistic people) or Dialogue in the Dark (museum and management coaching by visually impaired people). The idea that poor people are a potential target group for financial services probably had to be established among both the financial service providers as well as potential lenders in the context of microfinance, and it needed to be established in the context of OAC as well (Budd & Naastepad, 2014). There are also some interesting insights on the interrelation and dynamics between cognitive frames and other social forces in these examples. The mentioned work integration examples show that highly innovative solutions that alter cognitive frames might outweigh long-established institutional incentives (tax exemptions) and sanctions that are aimed to foster the integration of persons with disabilities into the labour force. The conviction that social mobility is possible might be established most easily by the creation of social networks among marginalized youth and middle class students or adults in mentoring models.

5.3 Actor constellations in social innovation

Beckert argues that “changes in the social structuration of markets can emerge, [...], from changes

in one of the structures, which lead to an alteration of power relations between agents and subsequently to action that results in changes of the other structures." (Beckert 2010:608). Beyond the question of how the different forces interrelate, the question also emerges *who* takes action for change. This question corresponds with the structure-agency debate within sociology, i.e. how change occurs in the interplay between structural determinism and autonomous action respectively agency of individuals. The 'paradox of embedded agency' (e.g. Seo & Creed, 2002; Garud, Hardy & Maguire, 2007) refers to this tension. According to Beckert, agency in organizational fields is structured by the influences that social forces exercise on the actors within a specific organizational field (Beckert 2010: 609). Assuming that individual actors usually do not have sufficient resources to unfold enough impact on social structures, von Jacobi suggested to put a specific focus on *collective agency* res. *collective action* as a pathway to overcome marginalization in the context of social innovation. Particularly the participation marginalized individuals and groups in taking action for change is less likely in general (2014: 19; cf. also Chiappero-Martinetti & von Jacobi, 2014b).

In economic sociology and management literature, several concepts have been suggested that provide connection points for collective action to explain change processes. Moreover, they more or less explicitly account for the forces of the social grid framework and provide some explanation on how activities for change could interrelate. Therefore might deserve further attention within the project. A concept that directly relates to the structure-agency debate is *institutional entrepreneurship* (e.g. DiMaggio 1988; Battilana, Leca, & Boxenbaum, 2009; Dorado, 2005). It acknowledges the social embeddedness of actors without assuming structural determinism for their activities⁵. Maguire et al (2004) describe the critical activities in institutional entrepreneurship as bridging diverse stakeholders by achieving certain position within a field, "theorization" of new practices and then institutionalization of these new practices by connecting them to stakeholders' routines and value⁶ (e.g. Maguire, Hardy, & Lawrence, 2004). Battilana et al. (2009) also emphasize the need of "creating a vision" for change and "mobilizing allies" based on specific enabling conditions such as the characteristics of the specific field and the social position of the actors initiating change in this field. The concept of institutional entrepreneurship accordingly indicates that the institutional entrepreneur serves as a catalyser for collective action. More recently *collective institutional entrepreneurship* (Wijen & Ansari, 2007; Garud et al. 2007) puts an even stronger emphasis on the embeddedness in collective network structures. Wijen and Ansari (2007) for instance provide six drivers to overcome the paradox of ensuring that actors engage in collective action change when their individual interests rather favour a situation without collaboration. Moreover, they raise the question of what is the best possible (combination of) instruments to engage divergent institutional actors at different points in time. Further, the concept of *community-based social ventures* (Haugh 2007) or *community-based enterprises* (Peredo & Chrisman 2006) can help provide some input on how collective action is leveraged and influences social forces for change. Haugh (2007) describes a multi-stage process for the formation of community-based organizations around shared ideas, while the change of institutions is less emphasized here. Peredo & Chrisman (2006) place a focus on the role of social, natural and cultural capital for economic considerations and therefore might also provide some connection points to the dimension suggested by Mann and Heiskala (Heiskala 2014a).

⁵ Yet Beckert also emphasizes that embeddedness as a concept (e.g. Granovetter, 1985) seems too deterministic and also too static, since it understands economic outcomes simply as a function of social structures. He emphasizes that the agency processes through which actors interpret social structures has to be considered as well, so that contingent responses to a given situation are understandable. (Beckert 2010: 621).

⁶ As criticized by Beckert, in some cases shared meaning structures might be incorporated in the notion of institution and therefore cognitive frames are not explicitly distinguished (Beckert 2010: 607).

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“Creating Economic Space for Social Innovation” (CRESSI) has received funding from the European Union’s Seventh Framework Programme for research, technological development and demonstration under grant agreement no 613261. CRESSI is a collaboration between eight European institutions led by the University of Oxford and will run from 2014-2018.

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