

# Transformative Social Innovation and (Dis)Empowerment

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# Transformative Social Innovation and (Dis)Empowerment

## Abstract

This article responds to increasing public and academic discourses on social innovation, which often rest on the assumption that social innovation can drive societal change and empower actors to deal with societal challenges and a retreating welfare state. In order to scrutinise this assumption, this article proposes a set of concepts to study the dynamics of *transformative social innovation* and underlying processes of multi-actor (dis)empowerment. First, the concept of transformative social innovation is unpacked by proposing four foundational concepts to help distinguish between different pertinent ‘shades’ of change and innovation: 1) social innovation, (2) system innovation, (3) game-changers, and (4) narratives of change. These concepts, invoking insights from transitions studies and social innovations literature, are used to construct a conceptual account of how transformative social innovation emerges as a co-evolutionary interaction between diverse shades of change and innovation. Second, the paper critically discusses the dialectic nature of multi-actor (dis)empowerment that underlies such processes of change and innovation. The paper then demonstrates how the conceptualisations are applied to three empirical case-studies of transformative social innovation: Impact Hub, Time Banks and Credit Unions. In the conclusion we synthesise how the concepts and the empirical examples help to understand contemporary shifts in societal power relations and the changing role of the welfare state.

## Keywords

transformative social innovation, governance, empowerment, societal challenges, societal transformation

## Highlights

- Public and academic discourses on social innovation require transformative dimensions.
- A conceptualisation of transformative social innovation (TSI) is proposed.
- TSI is related to system innovation, game-changers and narratives of change.
- The dialectic nature of multi-actor (dis)empowerment in TSI-processes is discussed.
- Three empirical case-studies are presented: Impact Hub, Time Banks and Credit Unions.

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## 1. Introduction

Discussions about the changing status of the welfare state have revoked interest into the role of ‘civil society’, the ‘Third Sector’ and the ‘social economy’. Before the economic crisis of 2008, some researchers referred to a “remarkable revival” of the social economy as a solution for “the problems facing neo-liberalising states” (Fyfe 2005: 537). Others spoke of a “spectacular growth” of the social economy in response to “the crisis of the Welfare state” by tackling “social needs that are not being sufficiently or adequately supplied either by private capitalist agents or by the public sector” (Avila & Monzón Campos 2005:15). Both public and academic discourses argue that the welfare state is being redefined, while “the individualist orientation of the market economy, and the marked decline in the levels of social capital (...) leaves us vulnerable to economic shocks”. Third Sector arrangements – especially social and co-operative models of economy – are argued to “offer a way out of the stalemate that has resulted from a decade and more of management-driven public sector ‘reforms’” (Scott-Cato 2010:335-337). These crisis-enhanced evolutions are highly context-sensitive, be it only because the nature and conduct of the ‘welfare state’ – even in such relatively coherent economic spaces as the European Union (EU) – widely differ from country to country. Yet in many of these contexts there is a shared drive towards seeking more sophisticated welfare state models.

In relation to this search, there is growing interest for ‘social innovation’ (SI) in both public and academic discourses. Howaldt and Kopp (2012:48) argue that social innovations are gaining importance over technical innovations when it comes to dealing with societal challenges. Likewise, the idea that SI is an effective way for dealing with societal challenges, is manifested in policy discourses across the EU. Illustrative is former EU president Barroso’s statement that “if encouraged and valued, social innovation can bring immediate solutions to the pressing social issues citizens are confronted with” (Hubert 2012:vi). The *Bureau of European Policy Advisors* (BEPA) defines SI as “innovations that are social both in their ends and in their means” and argues that they provide an effective way to “empower people” and “drive societal change” (BEPA 2010). The ensuing claim made is that this is particularly the case in the context of the recent economic recession and the general evolution towards retreating welfare states: “at a time of major budgetary constraints, social innovation is an effective way of responding to social challenges, by mobilising people’s creativity to develop solutions and make better use of scarce resources” (ibid).

Even if diagnoses of societal challenges differ, there seem thus to be shared expectations regarding the empowering potentials of SI, its mobilisation of civic creativity, and its problem-solving capacity. The optimistic assumptions of meeting major societal challenges merit scrutiny however, as they seem to underestimate the complexity of these challenges. Current societal challenges are interlinked and systemic in terms of their reach and impacts, and are characterised by the features of wickedness and persistence (Mannheim 1940; Rittel and Webber 1973; Schuitmaker 2012). Systemic, transformative change has therefore been identified as necessary to tackle such challenges (Loorbach 2014, Grin et al. 2010; Rotmans & Loorbach 2010). Piecemeal, short-term focused, and partial solutions easily turn out to have unintended side effects, reinforcing persistent societal challenges, or even creating new complexities. Considering the persistence and complexity of current societal challenges, the empowering and transforming potentials of social innovation are not self-evident. Hence it seems worthwhile to unpack the relations between social innovation, transformative change and empowerment. This leads us to two research questions: (1) *How does social innovation interact with other forms of (transformative) change and innovation, and how do we distinguish those*, and (2) *How are actors empowered – or disempowered – by/in processes of transformative social innovation?*

We conceptualise *transformative social innovation* (TSI) as social innovation that challenges, alters or replaces dominant institutions in the social context (Haxeltine et al. 2016). In this article, we propose a co-evolutionary understanding to unpack these processes. This helps us to think beyond simplistic linear causalities in order to reveal how different manifestations of change and innovation interact with each other over longer periods of time. We build on sustainability transition studies (e.g. Grin et al 2010, Markard et al. 2012), social innovation research (e.g. Mulgan 2006; Murray et al. 2010; Franz et al. 2012, Moulaert 2013), and social psychology studies of empowerment (e.g. Thomas & Velthouse 1999, Ryan & Deci 2000). Throughout the article, we relate to on-going debates on welfare state reform and the increasing role of citizen participation and social entrepreneurship (e.g. Scott 2010, Tonkens et al. 2013, Alvord et al. 2004). The research presented in this article has been conducted in the first year of an EU-funded 4-year research project entitled “TRANSformative Social Innovation Theory” (TRANSIT). This project is focused on theoretical and empirical research on transformative social innovation and empowerment (Haxeltine et al. 2013, Avelino & Wittmayer 2014, Pel & Bauler 2014).

The structure of this article is as follows. Section 2 starts by unpacking the processes of transformative social innovation into four different ‘shades’ of change and innovation: 1) social innovation, (2) system innovation, (3) game-changers, and (4) narratives of change. We introduce each of these concepts and their interrelations, building on state-of-the-art literature and empirical illustrations. In section 3, we relate the issue of (dis)empowerment to the four shades of change and innovation. In section 4, we illustrate our conceptualization through three case-studies: the Impact Hubs, Time Banks and Credit Unions. The conceptual approach helps to articulate the significance of these initiatives for transformative social innovation and the associated processes of (dis)empowerment. In the conclusion, we summarise the insights we have gained, and identify challenges for future research.

## **2. Unpacking Transformative Social Innovation: Four Shades of Change and Innovation**

We aim to unpack the process through which social innovation (SI) contributes to transformative change. We refer to this as ‘transformative social innovation’ (TSI). The notion of “transformative” is taken to mean an irreversible, persistent adjustment in societal values, outlooks and behaviours. This concept of *transformative* SI implies a systemic perspective on SI, similar to Westley’s (2013) definition: “social innovation is any initiative product, process, programme, project, or platform that challenges and over time contributes to changing the defining routines, resources and authority flows of beliefs of the broader social system in which it is introduced; successful social innovations have durability, scale and transformative impact”. However, rather than defining TSI as a particular successful *type* of SI, we consider TSI as a contingent *process* through which SI contributes to transformative change.

### 2.1. A co-evolutionary understanding of TSI

More specifically, TSI is considered as the process through which social innovation challenges, alters and/or replaces dominant institutions (Haxeltine et al. 2016). Hence, for it to become transformative, social innovation requires co-evolution with other types or ‘shades’ of change and innovation. This co-evolutionary understanding can rely on substantial earlier work on societal transformations and socio-technical transitions (cf Frantzeskaki & Loorbach 2010; Pel & Boons 2010; Farla et al. 2012). A useful theoretical resource has been the Multi-Level Perspective (MLP) (Rip & Kemp 1998, Geels 2005, 2010). This framework theorises transition dynamics through the interactions between three levels of

1) the landscape (exogenous macro-trends), 2) regimes (dominant institutions and practices), and 3) niches (places of innovative practices). A transition occurs when changes at all three levels reinforce each other into an overall systemic transformation (Schot & Geels 2008, de Haan & Rotmans 2011). Crucially, this enables the analysis of both stability and change as inherent parts of transformation processes. The framework also helps to grasp the interplay of multiple change processes, which challenges linear understandings of transformative (social) innovation. Moreover, the transitions perspective has the analytical advantage that it transcends partial analyses of either state or market failures (Unger 1987), as *system* failure is the key diagnostic category (Geels 2005; Rotmans 2006). Notwithstanding these analytical advantages, the MLP also has its limitations. The very distinctions between ‘levels’, for example, are contested (Genus & Coles 2008, Smith et al. 2010, Jørgensen 2012) precisely because they undermine the idea of intricate co-evolutionary forces. Keeping in mind that the MLP needs to be adapted to the particular empirical phenomenon under study (Geels 2010), the discussions of our shades of change and innovation will also indicate such adaptations where relevant.

As summarized in Table 1, we distinguish four shades of change and innovation: 1) social innovation, (2) system innovation, (3) game-changers and (4) narratives of change. TSI is then the resulting interactive, co-evolutionary *process* between distinct but intertwined dimensions of innovation and change. Following relational understandings of transformation processes (Jørgensen 2012, Garud & Gehman 2012; Hargreaves et al. 2013) we speak of ‘shades’ of change and innovation, so as to underline that these are connected, partly overlapping, and diffuse processes. Contrary to the MLP-levels, the four shades of change therefore do not attribute specific types of innovation and change to specific *levels* of aggregation, nor do they imply strong distinctions of exogenous or endogenous developments. As overlapping and interacting shades, the categorisation explores interacting processes, rather than classifying types of change and innovation. In the following subsections, each concept will be introduced building on existing literature.

Table 1. Four Shades of Change and Innovation: Working Definitions

<b>4 Shades of Change &amp; Innovation</b>	<b>Working Definition</b>
Social innovation	Change in social relations, involving new ways of doing, organising, knowing and framing
System innovation	Change at the level of societal sub-systems, including institutions, social structures and physical infrastructures
Game-changers	Macro-developments that are perceived to change the (rules, fields and players in the) ‘game’ of societal interaction
Narratives of change	Discourses on change and innovation, i.e. sets of ideas, concepts, metaphors, and/or story-lines about change and innovation

## 2.2. Social Innovation (SI)

We conceptualise SI as changing social relations, involving new ways of doing, organising, framing and knowing (Haxeltine et al. 2016). This builds on a number of state-of-the-art understandings of SI. The “decisive characteristic” of SI according to Franz et al. (2012:4), lies in the “fact that people do things differently due to this innovation, alone or together. What changes with SI is social practice, the

way how people decide, act and behave, alone or together” (Franz et al. 2012:5). Similarly, Howaldt & Kopp (2012:47) define SI as “a new combination and/or new configuration of social practices in certain areas of action or social contexts”. A slightly different approach is taken by Moulaert et al. (2013: 2), who define SI as “innovation in social relations (...) not just particular actions but also (...) outcome of actions which lead to improvements in social relations, structures of governance, greater collective empowerment, and so on”.

Social entrepreneurs, organisations and networks across the world are working on a wide range of SIs, often through context-specific, grassroots initiatives. Such social innovators often operate at a very local scale, but connect to others on a global scale. Examples of locally operating and globally connected SIs in the context of welfare are basic income ideas or complementary currency exchange systems of the kind we highlight later. At times, such initiatives directly address persistent problems in current social systems, while seeking to establish viable alternative solutions. However, SI is not always necessarily intentional or oriented towards social goals. As such, we agree with Franz et al. (2012:4), who question whether all social innovation are “really intended as social and/or using social means” (ibid: 4), and invoke examples of SIs, such as fast food restaurants and the internet, which were not intended as being social, neither in their ends nor in their means. In this perspective, the ‘social’ in SI reflects that the *object* of innovation is fundamentally a social phenomenon (i.e. a social practice or relation, as opposed to e.g. a new technology or product<sup>1</sup>). The social’ relations or practices do not indicate any teleology or beneficial nature of innovation. Neither the intention nor the outcome should therefore be included in the definition of SI.

### 2.3. System Innovation

We conceptualise system innovation as a process of structural change at the level of societal (sub)-systems with functional and/or spatial delineations (e.g. health, welfare, energy, transport, city, region). System innovations are “profound transformations in social systems”, which involve “changes in established patterns of action as well as in structure, which includes dominant cultural assumptions and discourses, legislation, physical infrastructure, the rules prevailing in economic chains, knowledge infrastructure, and so on” (Grin et al. 2010). Examples of past system innovations include the development of collective social security systems, the modernization of agriculture and the generalisation of a food industry, the development of multi-modal mobility and adaptive water management, or the institutionalization of the social economy. As many developed nations are recently changing social support policies, limiting access to welfare, decreasing budgets or arguing for more participation in the market economy (Weaver 2014), the ground is prepared for further system innovations.

System innovation implies interactions between social innovations, and other processes of (e.g. technical) innovation and change. Practice theory (Schatzki 1996, Shove et al. 2012), as the conceptual foundation of ‘social practices’, provides the frame to stress the multidimensional embeddedness of individual, structural, cultural and technical elements. From that perspective, system innovation can be viewed as the “co-evolution of innovations in material artefacts, socioeconomic conditions, organisational and institutional re-configurations, while simultaneously accounting for evolutions in

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<sup>1</sup> While at the same time, the ‘practice’ turn in social practices still gives room to conceptualize the performative importance of artefacts, or products or technologies.

collective and individual values, moral interpretations, lifestyles, social capital, body activities, emotions, or knowledge” (Rauschmayer et al. 2015: 216).

In the Multi-Level Perspective (see section 2.1), system innovation is localised at the meso-level of ‘regimes’, i.e. the dominant structures and practices of a societal sub-system. As such, system innovation requires regime change. One of the particular strengths of the MLP is that its regime concept enables analysts to explain the stability-related forces of existing institutions and practices, and how these often hamper processes of change and innovation. We adopt these MLP insights and claim that system *innovation* inherently harbours a question about system *stability*. As such, system innovation is not only about a specific *level* of change (i.e. societal (sub)-systems), it is also about a particular *type* of innovation that challenges institutional stability in the societal context.

#### 2.4. Game-changers

We broadly conceptualise game-changers as macro-phenomena (events, trends and developments) that change the ‘game’ of societal interaction (the rules, fields and players) (Avelino et al. 2014, Loorbach et al. 2016). Such game-changers lay down new conditions for actors to face when seeking to influence and alter societal orientations and interpretations. Examples of game-changers include demographic developments (e.g. ageing population), ecological phenomena (e.g. climate change, biodiversity loss), socio-technological trends (e.g. the ICT-revolution), social movements (e.g. the environmental movement or the sharing economy), and socio-economic and political challenges (e.g. the economic ‘crisis’, and subsequent unemployment, welfare state pressures, social system reform, etc.). The dominant understandings, values, institutions and social relationships through which society is organised and defined may fundamentally change in response to game-changing developments. At issue is to explore how game-changing macro-developments are *perceived, interpreted, (re)constructed, contested and dealt with*, rather than classifying in transcendental mode what is a game-changer or not.

Our notion of a game-changer builds upon the concept of ‘landscape developments’ in the MLP. However instead of considering these developments as long term developments that are exogenous to a specific regime, as is the case in the MLP (cf. Geels & Schot 2010), the notion of a game-changer does not predefine the level of exogeneity or endogeneity in relation to the object under study, nor its temporal scale. Rather, these characteristics differ across different interpretations of game-changers. Some macro-developments may be perceived to be more endogenous than others. A certain macro-trend may be perceived to be exogenous by some actors while being perceived as endogenous by others and having a recruiting effect on some actors for socially innovative action (Pel et al., 2016). As such, our conceptualisation of game-changers responds to arguments for unpacking the societal landscape context (Riddell & Westley 2013, Van den Bergh 2013) and for acknowledging how situated actors creatively draw upon landscape developments (Jørgensen 2012). The concept helps articulate how macro-developments are perceived and constructed.

#### 2.5. Narratives of Change

TSI processes, of which new knowings and framings are important dimensions, are strongly mediated by language. We use ‘narratives of change’ to refer to “sets of ideas, concepts, metaphors, discourses or story-lines about change and innovation” (Wittmayer et al. 2015: 2) We thus subsume different linguistic devices under the concept of ‘narratives of change’. As put by Davies (2002: 11): “the boundary between narrative and other forms of discourse is simply not sharply marked off. Features

characteristic of narrative, such as temporal sequencing, change and closure may be found in other discursive forms (a sonnet, for instance, or an essay) and stories may be found that lack key narrative features". While Davies refers to narratives as a form of discourse, Hajer (1995: 56) posits that discourses are "a generative sort of narrative that allows actors to draw upon various discursive categories to give meaning to specific physical or social phenomena. The key function of story-lines is that they suggest unity in the bewildering variety of separate discursive component parts of a problem". He defines a discourse as "a specific ensemble of ideas, concepts, and categorizations that are produced, reproduced, and transformed in a particular set of practices and through which meaning is given to physical and social realities" (Hajer 1995: 44).

We distinguish between two types of narratives of change. Firstly, those on the level of society, e.g. the narrative of change on the 'social economy', which can be considered generative in the sense that actors can draw upon them to give meaning to specific phenomena (cf. Murray et al. 2010). And secondly, those narratives of change brought forth by social innovation initiatives to counter existing framings and discourses. Social (counter-) movements, such as the environmental movement or the anti-globalisation movement, use narratives of change that counter dominant discourses and co-evolve with new paradigms on how society deals with the environment or globalisation (cf. Polanyi 1944, Worth 2013). These social movements "struggle against pre-existing cultural and institutional narratives and the structures of meaning and power they convey" (Davies 2002:25) They do so partly through counter-narratives, which "modify existing beliefs and symbols" (ibid). Counter ideas often emerge locally and spread globally through self-communication, allowing social movements to develop counter-narrative power.

Contemporary counter-narratives embrace sustainability-oriented and socially inclusive ideas, but also socially-exclusive ideas as manifested in populist and/or more extremist political parties. Furthermore, apparent counter-narratives are not always easily discernible from mainstream discourses. While discourses on say 'social economy' or 'solidarity economy' can be constructed as counter-narratives, they overlap with mainstream policy discourses on 'Big Society' (UK) and 'Participation Society' (The Netherlands). Different discourses intermingle, changing over time, to form *multi-layered* narratives of change. SI can itself be seen as a multi-layered narrative of change used differently by various actors at different moments. It can be positioned as "a deeply political 'boundary concept' that co-evolves with other processes of innovation and change" (Pel & Bauler 2014:5). As with game-changers, our interest in narratives of change focuses on how they are perceived, constructed and drawn upon.

## 2.6. Transformative Social Innovation

We conceptualise *transformative social innovation* (TSI) as social innovation that challenges, alters or replaces dominant institutions in the social context (Haxeltine et al. 2016). In our understanding, such transformative change is an emergent outcome of co-evolutionary interactions between changing paradigms and mental models, political institutions, physical structures and innovative developments on the ground. Transformative change results from a specific interaction between game-changers, narratives of change, system innovation, and social innovation, as distinct but intertwined shades of innovation and change, each of which have a specific potential to challenge, alter and/or replace dominant institutions.

Social innovations challenge/alter/replace existing social relations and practices, primarily by co-producing new social relations, involving new ways of doing, organising, framing and knowing (ibid).



System innovations challenge/alter/replace specific functional and spatial clusters of dominant institutions. Game-changers refer to macro-developments that are perceived to challenge the dominant 'rules of the game' and with that altering the societal framework conditions. Narratives of change can challenge/alter/replace hegemonic narratives and dominant discourses. As such, each of these shades of innovation and change can challenge/alter/replace specific dimensions of dominant institutions and do so in distinct ways. We postulate that the transformative potential of social innovation increases to the extent that it co-evolves with other shades of change and innovation, and we refer to this interactive, co-evolutionary process as 'transformative social innovation' (TSI).

### 3. (Dis)Empowerment in Transformative Social Innovation

Having addressed TSI as a co-evolutionary process, we now address the second part of our research question: *how are actors empowered – or disempowered – by and through processes of TSI?* As discussed in the introduction, many public discourses on SI are based on the assumption that actors are empowered by/through SI to better deal with societal challenges (e.g. the economic crisis, or a weakening welfare state). These high expectations merit critical reflection on the empowering potential of SI.

Generally speaking, the notion of empowerment refers to a person's belief that "he or she can direct (...) events towards desired ends" (Elmes and Smith 2001:34). Building upon earlier work on the need for self-determination, Thomas & Velthouse (1990) conceptualise empowerment in terms of intrinsic motivation. They argue that the extent to which individuals are empowered (i.e. intrinsically motivated) to engage in an activity, depends on the extent to which they have a sense of: 1) Impact: 'I can make a difference'; 2) Competence: 'I am good at what I do'; 3) Meaning: 'I care about what I do'; 4) Choice: 'I can determine what I do'. Empowerment interacts with autonomy, understood as integrated self-regulation, a process by which agents act in accordance to their core values and interests, and adapt flexibly to external structures (Ryan & Deci, 2000).

Critical perspectives on empowerment emphasise that attempts to empower others, may have the paradoxical effect of disempowering them. This may occur through the creation of a new dependency relation (e.g. Hardy & Leiba-O'Sullivan 1998). Relations of power depend on "one's location in the system", and one cannot easily alter these relationships at the interpersonal level without changing the system (Boje & Rosile 2001:111, in reference to Clegg). The critical paradigm emphasises that empowerment is not a pure individual concept, and places collective action and changes of unequally distributed opportunity structures at the centre of empowerment (Craig & Mayo, 1995). Moreover, power is a self-developing capacity: it is thus impossible to empower others in terms of 'giving' others power. (Quinn and Spreitzer 1997).

Taking account of these critical understandings, we argue that any research on TSI empowerment should give explicit attention to power relations and processes of *disempowerment* (whether intentional or unintentional). Hence our consistent reference to *(dis)empowerment*; they are two sides of the same coin. This also reasserts our earlier argument that SI does not necessarily lead to desirable social goals.

These issues of (dis)empowerment are particularly intricate as TSI tends to involve multiple groups of people and there is no obvious group of actors that should empower or be empowered. Still, there is a strong tendency in public discourse to associate SI with initiatives by 'civil society', 'the community', 'the Third Sector' and/or 'social entrepreneurship'. Mulgan et al., for instance, define SI in terms of

“innovative activities and services that are motivated by the goal of meeting a social need and that are *predominantly developed and diffused through organisations whose primary purpose is social*” (2007:8, emphasis added). Also, in public discourses there is a recurring idea of ‘the state’ and/or ‘Third Sector’ organisations, having/wanting to ‘empower’ ‘the community’. Such empowerment attempts might have unintended counter-effects, in the sense that policies designed to empower people often require people to already be empowered enough to respond to a new policy (Avelino 2009).

In this regard, our co-evolutionary perspective starts from fundamentally distributed agency: TSI, and associated processes of (dis)empowerment, can be initiated by any kind of actor, in any kind of context. TSI involves shifting relations between and within different sectors, and redefinitions of the boundaries between their different institutional logics. These reconfigurations between different yet interpenetrating and repositioning sectors, can be considered as key manifestations of TSI in themselves (Nicholls & Murdoch 2012; Pel & Bauler 2014, Avelino & Wittmayer 2016). Such shifting relations and contested boundaries inherently come with power struggles and processes of (dis)empowerment between various actors. Therein the Third Sector plays a particularly important role, as it can be seen as an *intermediary* institutional space, lying between government, market and community (Evers & Laville 2004, Pestoff 1992). It has been characterised as “a place where politics can be democratised, active citizenship strengthened, the public sphere reinvigorated and welfare programs suited to pluralist needs designed and delivered” (Brown et al 2000:57). Individual actors (e.g. ‘social entrepreneurs’), intermediary organisations, and transnational networks act as crucial nodes at the intersection between market, government and community; they translate, spread and connect SIs across different sectors and localities, and they co-shape narratives of change in relation to game-changing developments.

We position individual and organisational actors, operating collectively in initiatives and networks, as being empowered or disempowered in processes of change and innovation, either as a condition for TSI, and/or as a result of TSI. Furthermore, we hypothesise that ‘social innovators’ with transformative ambitions can increase the transformative potential of SIs by playing into the co-evolutionary interactions between different shades of change and innovation. For instance, by linking with multi-layered ‘narratives of change’ in both mainstream and grassroots movements, and by couching their initiatives in a discourse that aligns well with other social innovations (Smith 2007; Pel & Bauler 2014, Wittmayer et al. 2015). Or by cleverly playing in to the ‘game-changers’ of their times, while simultaneously connecting to ongoing ‘system innovation’. By anticipating game-changers and the inevitable tensions in perceived crises, actors can strategically propose systemic alternatives when windows of opportunity appear.

#### **4. Empirical Cases: the Cases of the Impact Hub, Time Banks and Credit Unions**

So far, we have conceptualised the co-evolution between four shades of change and innovation and its implications in terms of multi-actor (dis)empowerment. These conceptualisations serve as a cognitive map to empirically investigate the central research question: *how does SI interact with other forms of change and innovation, and how are actors (dis)empowered therein?* In this section we draw on three

empirical case-studies from the TRANSIT project (Haxeltine et al. 2013, Jørgensen et al. 2014)<sup>2</sup> to illustrate the application of these concepts.

For the empirical work, we followed an embedded case study approach (Yin 2003), which is a deliberate choice to analyse various units of analysis at various (nested) scales within one and the same case study. This approach allows case study researchers to deal flexibly with the fact that the appropriate levels and units of analysis are not evident at the start of the research, which is inherent to the phenomenon of ‘emergent’ transformative social innovation (Jørgensen et al., 2014). We started with an analysis of the transnational networks as a whole, and then zoomed in on specifically identified sub-units of analysis in the form of ‘local/regional/national’ manifestations of these networks (i.e. projects and initiatives by specific groups of people in specific sites). All three in-depth case studies were based on detailed methodological guidelines, laying down key concepts and data-collection procedures: interviews, participant observation and document reviews (Jørgensen et al. 2014) The three illustrative case-descriptions presented here provide short summaries of full case-study reports, which specify all details of the data-collection process, including on average of 31 interviews, 50 hours of participant observation and 40 document review sources for each case<sup>3</sup>.

#### 4.1. Impact Hub

The Impact Hub (IH) is a ‘locally active and globally connected’ network of social entrepreneurs that aims for positive social impact. The aim is to create ‘ecosystems’ as enabling environments for entrepreneurial action, combining elements from co-working spaces, innovation labs and business incubators. Impact is sought through three value propositions: (1) an ‘inspiring space’, (2) a ‘vibrant community’ and (3) ‘meaningful content’. These are based on the globally shared IH values: ‘trust’, ‘courage’ and ‘collaboration’.

*“We believe a better world evolves through the combined accomplishments of creative, committed, and compassionate individuals focused on a common purpose. An innovation lab. A business Incubator. A social enterprise community centre. Impact Hub offers you a unique ecosystem of resources, inspiration, and collaboration opportunities to grow the positive impact of your work. Joining our diverse community of members and collaborators will inspire, connect, and enable you to develop your best work every step of the way” (Impact Hub website 2015).*

In 2005, the first IH site was opened in London, followed by our local case-studies: São Paulo, Rotterdam and Amsterdam. Currently, there are 63 established local IHs across 5 continents and 20 IHs

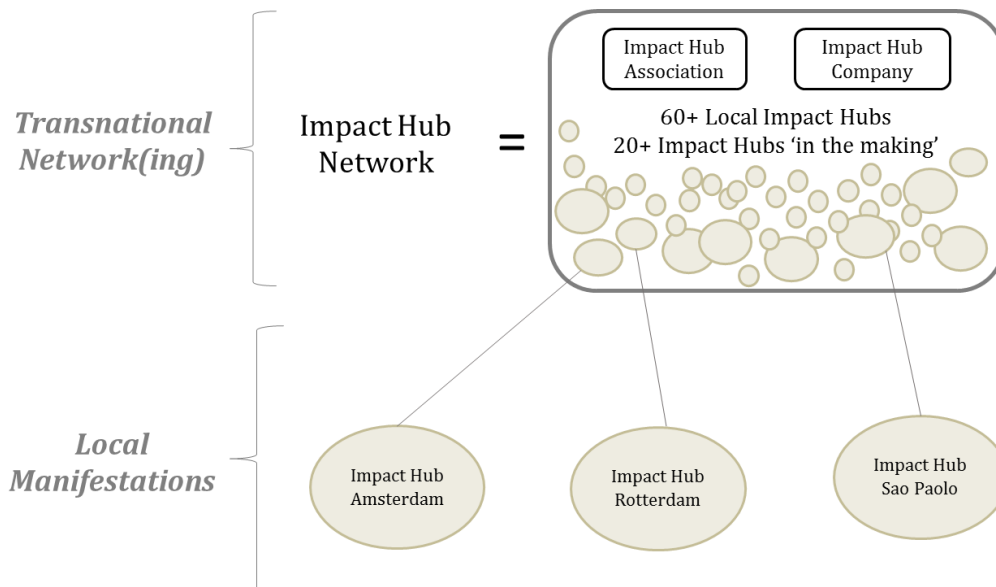
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<sup>2</sup> We selected a total of 12 transnational networks based on the hypotheses that these networks (1) represent a collective of actors and initiatives working on SI, (2) have transformative ambitions and (3) relate specifically to a number of identified ‘clusters’ of change and innovation. These networks are: Ashoka, Credit Unions, DESIS, FabLabs, Global Ecovillage Network, Hackerspaces, Inforce, Impact Hub, Living Knowledge Network, RIPESS, Time Banks, Transition Towns. On average, the cases included around 20 interviews, several days of observation and over a dozen document reviews, all guided by extensive case study format (see Jørgensen et al. 2014). The in-depth case-studies of these networks have been extended, analysed and collected (Jørgensen et al. 2015, 2016) and the TRANSIT project is now in the process of analysing and comparing all case-studies, as well as collecting additional empirical data.

<sup>3</sup> The Impact Hub case-study included a total of 36 interviews, 45 instances of participant observation (including working on the report at the co-working space) and a dozen document reviews (Wittmayer et al. 2015). The Timebanking case includes around 20 hours of interviews, 3 days of observations ca 50 books/reports (Weaver et al. 2015). The Credit Cooperative case study included 45 in-depth interviews, about 20 hours of participant observation (e.g. attendance of meetings and info days) and over 50 documents reviewed (including primary and secondary sources) (Dumitru et al. 2015).

in the making. All local IHs are members of the global *Impact Hub Association* and are shared owners of the global *Impact Hub Company*. Combined, the IHs have over 11 000 individual members, mostly social entrepreneurs.

Figure 1. Overview of Impact Hub network and local cases under study



**Social innovations** are manifested both at the level of Impact Hub as a network and organisation, as well as at the level of the individual entrepreneurs who offer new services and products. Impact Hub is socially innovative, primarily in the sense that it changes *social relations* amongst entrepreneurs who become ‘co-workers’ and ‘members’ of the Impact Hub ‘community’.

*“It is about the quality of relationship and the way we operate with each other. (...) It’s something around being part of a certain type of society, which attracts people here. Not just pure service relationship or nice products and services. That’s nice, but people come in for something bigger. The way of being together is why people come to our Hubs. We pride ourselves in building another kind of society.” (Member global Impact Hub team, quoted in Wittmayer et al. 2015).*

IH organisations as well as their members also display new ways of doing (e.g. through the innovative services and products that they provide such e.g. recyclable jeans), new ways of organising (e.g. using alternative decision-making methods such as Holacracy) and new ways of knowing (e.g. learning specific skills such as how to attract impact investment as a social entrepreneur, which differs from regular investment seeking). New types of framing are manifested in how the IH network engages with and *co-shapes* various **narratives of change**, including explicit discourses on ‘social innovation’, ‘social entrepreneurship’, ‘sharing economy’, ‘ecosystems for innovation’, ‘impact makers’, ‘trust’ and ‘collaboration’. Globalisation and transnationalisation constitute relevant macro-level **game-changers**, as many IH founders and members meet in transnational networks. Poverty, resource depletion, and climate change serve as drivers and legitimisers for many new IH services and products. The economic downturn is relevant for some IH contexts, in that it has spurred a growing critique towards existing economic systems and corporate cultures. It also resulted in a search for new forms of self-employment and socially responsive entrepreneurship. The shared aim of creating ‘ecosystems for innovation’ coalesces with the creation of new urban *innovation spaces* and (co-)working environments, which

contribute to new systems of employment and economic exchange in IH's local contexts. Moreover, IH teams and members act as producers and launch customers of more 'sustainable' products and services, thereby aiming to contribute to various **system innovations** (e.g. in food, construction, energy, material use, etc.).

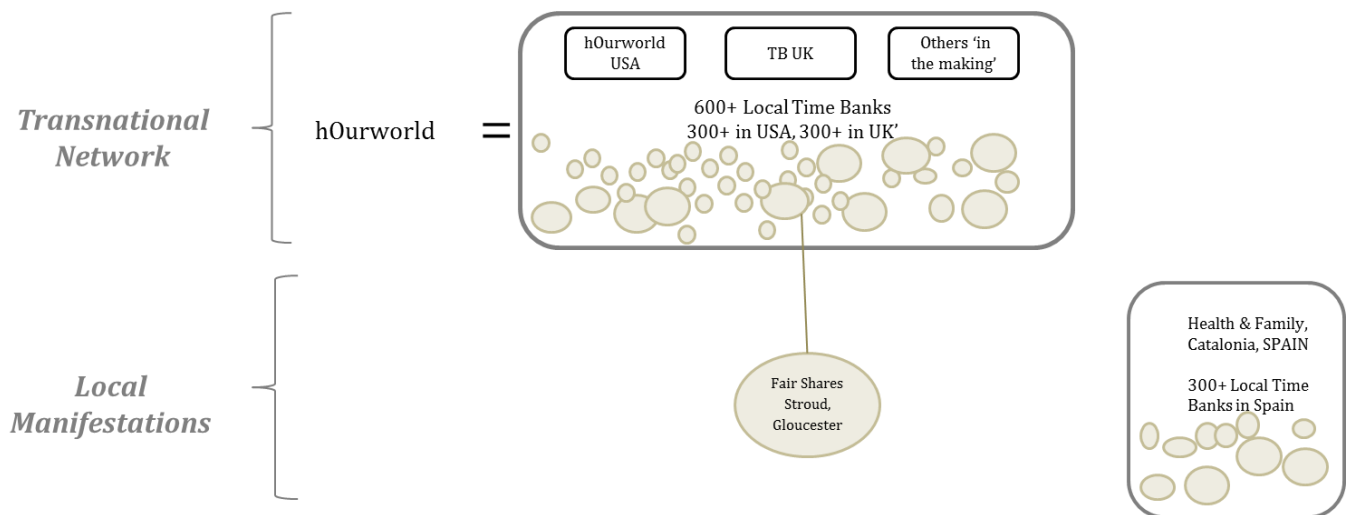
The Impact Hub – both at the level of the global network as well as at the local manifestations – has explicit **transformative ambitions**, in the sense that it challenges existing economic paradigms such as the distinction between for-profit and non-profit, and the notion of profit maximisation at the cost of social and environmental context, and aims to alter and replace that by a new economic paradigm that has a positive impact on society and its environment, i.e. a 'social impact economy'. The interpretation and the language used to describe such positive impact, differs across local, national and regional contexts. Underlying such different interpretations, however, are the shared values and key value propositions introduced earlier.

The IH is experienced as empowering for many of its members, visitors, and partners. These **empowering dimensions** include people gaining access to and ownership over inspiring spaces in one's city and across the globe; being locally active while also globally connected; working towards a common purpose; belonging to a community and gaining a sense of impact through the collective strength of a group of like-minded people. The focus on social entrepreneurship has both empowering and **disempowering** dimensions. Social entrepreneurship is characterised by the combination of entrepreneurial and commercial means with social goals (Alvord et al 2004:262, Mair and Martí 2006). It is 'not-for-profit' in the sense that while profit is made, it is not the main or only goal. Social enterprises are often celebrated as providing viable alternatives to privatization and re-regulation (Laville, 2003, Ridley-Duff 2009, Dugger, 2010). One of the disempowering 'risks' of this concept lies in political discourses that present 'social entrepreneurship' as a replacement for publicly funded services and as a 'solution' for budget cuts. A related concern lies in the increase of self-employed 'social entrepreneurs'. In the Dutch context of two IH case-studies, self-employment increased significantly during the economic downturn (CBS 2015). While this might be empowering in terms of increased independence/ autonomy, it also obscures fragile and precarious lives that many self-employed entrepreneurs are forced to live (e.g. limited access to social security benefits). In the Dutch public debate, worries have been expressed about this trend (e.g. Tonkens and Duyvendank 2015, Van Stigt 2013). Notwithstanding any political position on this, the ideas and practices of the IHs are or may be (ab)used to legitimise certain political discourses, and the increase of social entrepreneurship may have unintended consequences in interaction with its socio-political contexts.

#### 4.2. Time Banks

Timebanking is a values-based mechanism for reciprocal service-exchange within a local community. All services in timebanking, however simple or sophisticated, are valued equally: the unit of exchange is the hours spent giving or receiving services. From roots in post-war Japan and later the US, timebanking has spread to all continents. Within countries, individual time banks are often organized into local, regional or national networks, sometimes under the umbrella of membership organizations. There are also transnational networking organizations, which offer software platforms to record service exchanges.

*Figure 2: Overview of Timebank network and local cases under study*



Time banks manifest **social innovation** by seeking to change social relations through building more inclusive, stronger communities with relationships based on e.g. equality, reciprocity, mutual respect and mutual help. There are no contracts between members, but rather relationships of trust. No money changes hands; services are exchanged using time as the unit of account. Time banks further manifest social innovation by forming a group whose members undertake the exchange of services and record these exchanges (doing). Members self-organise on the basis of their service offers and requests, usually using service exchange software, and often also supported by a time bank coordinator (organizing). Ways of monitoring time banks and their impacts are developed and knowledge from social impact studies are disseminated, often via the websites of networking or membership organisations as well as on the websites of individual time banks (knowing)

Time banks have been framed as a response to **game changers** such as economic downturn, unemployment, lack of opportunity, skills gap, austerity and population aging. In terms of **systems innovation** time banking is framed as a response to the failings and retreat of the welfare state and as a mechanism for contributing to a 'preventative infrastructure' in areas such as mental and physical health, education, crime prevention, and employability. The transformative potential of the time banking mechanism is reflected in a set of **narratives of change** on e.g. 'sharing economy' and 'commons-based economy', as a response to failures in the monetary system, the formal economy and economic globalization, which are seen to exclude and to marginalize. Time banking has also been linked to the women's movement, both from the perspective of elevating the status of women and of domestic work and of seeking to preserve family- and community- life and the work-life-home-community balance.

The transformative ambitions of timebanking proponents are related to challenging dominant paradigms, especially the market economy. The market economy is seen by timebanking proponents to undermine family and community relationships and to undervalue the contribution of unpaid labour. "Co-production, in the form of timebanking, taps into abundant but neglected human resources that can help meet people's needs and promote wellbeing for all" (Simon and Boyle, NEF, 2008). Timebanking proponents challenge the idea that money and wealth are the basis of security or wellbeing, seeing strong inter-personal and community relationships as true sources of security. They challenge the scarcity theory of value, seeing the time and talents of people as the resources that matter most for security and wellbeing. Simon and Boyle, who introduced timebanking to the UK, refer to timebanking

as a new form of recession-proof exchange and as a flexible tool with core values that can help grow the core economy and build better public services. As a versatile mechanism, timebanking has been applied to the criminal justice system to help rehabilitate ex-offenders, to the education system in supporting children helping each other to learn, and to support health and welfare reforms that focus on preventative health and community based care.

Time banks are experienced as **empowering** by many individual members and by community representatives. Interviews and observations confirmed they help individuals in their self-development, -confidence and -esteem by providing opportunities to learn and practice skills and by expanding social networks. The claim that time-banking empowers individuals and communities by reducing dependence on money, markets, or state welfare arrangements is borne out by evidence, but the scale of time-banking activities is limited. (Both Spain and UK have around 300 banks with up to 250-300 members per bank).

While the case provides evidence that time-banking is perceived positively by many mainstream actors – including in the form of regulatory accommodations (US, UK), co-operations with established authorities such as health trusts (Spain and UK), policing and justice authorities (UK), links with businesses (UK), and local authorities (Spain and UK) – there is, nevertheless, still a lack of stable base-level financial support. Possible future funding avenues include seeing time-banking as part of a preventative welfare infrastructure worth funding for its cost-saving potential. A downside, however, is that greater engagement with mainstream authorities can bring higher administrative burdens and mission drift. This can be **disempowering** if the grassroots are alienated, if core values are threatened, or autonomy is lost. Further, the study reveals that regulatory and fiscal accommodations that protect time banks can limit innovation; for example, the study identified a concern that rigid definitions and differences in regulations between jurisdictions could prevent time credits earned in one time bank being spent in another.

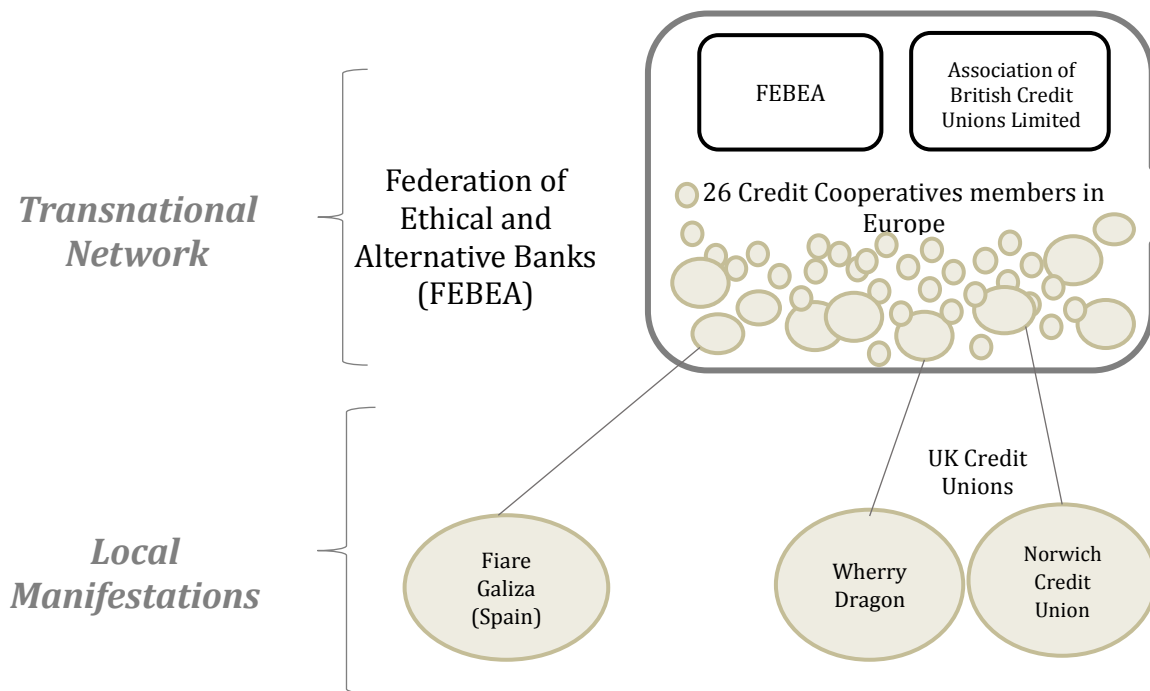
#### 4.3. Credit Unions (FEBEA)

Credit cooperatives are organisations that aim to provide financial intermediation services guided by a set of ethical principles focusing on social and environmental goals. They aim to transform the economy through switching the focus of economic activity from financial gains and profit-making, to sustainable livelihoods. They have been defined, in the scarce literature that has studied them, as institutions that have “ethical and sustainable development at the core of their mission, ambitions and practices” (De Clerk, 2009). Credit cooperatives match the resource needs of social entrepreneurial initiatives in local communities with the increasing wish for socially-responsible investment alternatives. Through this, they generate self-sustainable social economy networks in specific communities and geographical regions endorsing values of social responsibility, cooperation, solidarity and trust. *“Credit cooperatives respond to the increasing needs of individuals and institutions that are excluded from the banking system as well as to the needs of investors interested in how their money is used. Ethical banks follow the path, interrupted in the early twentieth century, and become instruments of territorial development, for new social and environmental initiatives. These paths are opposite to commercial banks (...) which have created the premises of a financial crisis that have affected the lives of millions of citizens”* (FEBEA 2012).

The historical origins of the concept of ethical banking can be found in the second half of the 19th century, inspired by the philosophy of Rudolf Steiner. Supported by churches and religious groups and

later joined by environmental concerns and the growing mobilisation of ecological and peace movements they gradually developed. Starting in 2001, 26 credit cooperatives across Europe decided to formalize their previously informal meetings and created FEBEA, *the European Federation of Ethical and Alternative Banks*, which constitutes the focus of this study together with two local case studies one belonging to FEBEA in Spain, and another in the UK.

Figure 3. Overview of credit cooperatives networks and local cases under study.



**Social innovations** are manifested in the creation of new relations between financial institutions, investors and the recipients of credits – local projects and entrepreneurs who pursue socially and environmentally-beneficial goals. Credit cooperatives aim to create a system of collaboration on goals that are understood as common and benefitting local communities as a whole, and to promote the embedding of financial relations based on trust and cooperation in the web of activities and social relationships already existing in a given location. They promote new ways of framing through a switch of focus from individual entrepreneurship to collective entrepreneurship, a focus on the relational dimension of economy and the understanding of access to financial support as a right. They display new forms of organizing through cooperative forms of governance in which both investors and credit recipients have shared ownership. New ways of knowing can be identified in the acquisition of new knowledge and skills related to how to set up a functioning financial institution, including regulatory, economic, governance and knowledge on local networks and resources; founders and volunteers of credit cooperatives do not normally have a background in finance or economics. New ways of doing are displayed in the the projects endorsed and supported, this includes developing and implementing creative social and environmental initiatives that entail radical change and which would not get support through the mainstream financial system given the risks they entail. Credit cooperatives engage and contribute to the co-shaping of **narratives of change** on the ‘critical economy’, ‘community self-sufficiency and self-empowerment’, emphasising the ‘relational dimension of the economy’ and reformulating the human rights discourse to include ‘the human right to credit’. They also engage with



ecological and feminist social transformation discourses and the humanistic discursive challenge of competitive and egoistic conceptions of human being.

The recent global financial crisis is perceived as a major **game-changer** by both the network and the local case studies. It led to engagement with political legislators, enhanced transnational cooperation as well as increased public exposure and knowledge regarding unethical financial practices and their consequences. Further game-changing dynamics include new social movements such as the 15<sup>th</sup> of May “Indignados” in Spain, and “Move your money” or “bank secrets” in the UK, and the possibilities opened by the ICT revolution in banking practices next to climate change, social exclusion and raising inequality which are background drivers and justifications for credit cooperatives. Credit cooperatives coalesce with the trends in ethical banking and corporate social responsibility to produce **system innovations** that directly target financial regulations, a change towards ethical practices in banking, and a new embeddedness of financial relationships within a larger system of social relations in given geographical and political contexts: “there is a social demand for a new economy, and if we want this new economy, it needs a different financial system, and that different system is ethical financing” (*Member FEBEA, quoted in Dumitru et al. 2015*). FEBEA and the Spanish case are quite explicit about their **transformative ambitions**, as they attempt to challenge the paradigm of profit-maximization by enabling the solidarity economy, supporting a ‘green’ economy and responsible consumption, and providing a platform for larger processes of economic, social and political change. They also attempt to replace existing institutional relations between investors, credit recipients and financial intermediaries with institutions that are based on relationships of trust and cooperation towards common socially and environmentally beneficial goals.

Credit cooperatives are considered to be **empowering** by their members and by the communities in which they are embedded in a number of ways: 1) providing the context and the tools for financial autonomy, community self-reliance and the pursuit of positive social and environmental goals; 2) providing a framework of cooperative partnership between the financial actor and the project it endorses, that derives from an understanding that both social gains and burdens are shared within a community and that social entrepreneurship is a collective endeavour; 3) emphasizing participation and equal representation in cooperative governance structures, both in local case studies as well as at network level (‘one person, one vote’); and 4) by providing examples of good practice and knowledge regarding ways of overcoming obstacles within existing legal and economic systems.

*“The way of thinking about the economy when you have a cooperative (...), totally shifts: it's going towards creating self-sustainable communities (...) it is more looking to the use of local resources, sharing these local resources through the concept of the commons, using them in a democratic way, where you extend the concept of democracy from the political sphere to the economic.” (Member of FEBEA, quoted in Dumitru et al. 2015).*

However, concerns regarding potentials for **disempowerment** are also expressed by at least some of the members. The main concern relates to whether the local cases and the network can stay independent, true to their principles and in control when directly engaging with powerful actors with direct influence over international banking regulations, as well as global initiatives in the field of social and solidarity economy. Staying close to the social entrepreneurship discourse, credit unions run similar risks to the IH, as the political enthusiasm for ‘social entrepreneurship’ presents it as a replacement for publicly funded services and a ‘solution’ for budget cuts. Indeed, network members are also concerned about Credit Union partners being (ab)used as an excuse for the dismantling of the welfare state. They regard

social entrepreneurship of the kind that the credit cooperatives support and stimulate, as being only possible within strong welfare states as partners in processes of societal transformation.

## 5. Conclusion

This article has proposed a way of conceptualising processes of transformative social innovation (TSI) and (dis)empowerment. We argued that public discourses that display high expectations of social innovation empowering people and solving major societal challenges, are in need of critical scrutiny and systematic unpacking. Building on existing notions in transition studies and social innovation research, we distinguished between four ‘shades’ of change and innovation: 1) social innovation, (2) system innovation, (3) game-changers, and (4) narratives of change. TSI is conceptualised as social innovation that challenges, alters or replaces dominant institutions, as a result of a co-evolutionary interaction between these distinct but intertwined dimensions of innovation and change. We speak of *shades* of change and innovation, following a relational understanding that these are interpenetrating, partly overlapping and diffuse processes. This complexity leaves little room for straightforward causal relations or prescriptions; but it does serve for descriptive, analytical work. From a similarly critical perspective, we acknowledge the dialectic nature of empowerment, by referring to its inverse of *disempowerment* as an ever-present shadow side. In (dis)empowerment processes, a multitude of actors gain and/or lose a sense of impact, competence, meaning and choice to effect desired change. All empowering intentions are bound to unleash processes of *disempowerment* and political struggle.

We illustrated these conceptual categorisations through empirical case-studies from the TRANSIT research project. We discussed the different shades of innovation and change and (dis)empowerment dynamics through the empirical findings of three TSI-cases: a network of social entrepreneurs (Impact Hub), an exchange system for local communities (Time Banks), and a network of financial intermediating organisations (Credit Unions). The three cases substantiate the importance of the conceptual categorisations:.

First, the three cases display an interesting overlap in their search for new socio-economic practices, and for relations that are based on trust, reciprocity, collaboration and autonomy. Even when none of these initiatives can be considered immediate results of the economic downturn or other ‘game-changers’, they can all be seen to have been crucially reinvigorated by these developments. They are typically carried by associated narratives of change that are gaining currency, such as those on ‘social impact’, ‘sharing economy’, and ‘coproduction’ (cf. Wittmayer et al. 2015).

Second, while all initiatives are primarily experienced as empowering by involved actors, the cases also demonstrate disempowerment processes, in particular in SI initiatives’ interaction with public institutions. Whether it concerns social entrepreneurship (Impact Hub), complementary currency exchange (Time Banks), or alternative credit provision (Credit Unions), there are clear concerns of initiators and participants about SI being made subservient to certain political agendas, in particular the dismantling of welfare state arrangements. These observations clearly challenge idealistic beliefs of SI as a panacea for current welfare state reform. They seem to support the critical discourses that seek to unmask the much celebrated ‘self-reliant’ capacities of social entrepreneurs and citizens and ‘Big’ or ‘Participatory’ Society (Scott 2010, Jordan 2012; WRR 2012, Sterk & Specht 2013, Tonkens 2014) as justifications for far-reaching budget-cuts and out-sourcing of public services. These critical concerns confirm the need to question optimistic assumptions about the ‘empowering’ potentials of SI.

Empowerment cannot be reduced to a requirement or facilitating condition for transformative social innovation (cf. Moulaert et al. 2013), but can be seen as a separate, substantive ambition in itself.

These two conclusions elaborate the intricate relations between (dis)empowerment and TSI that we have both conceptualised and observed. The understanding of co-evolving shades of change and innovation, and the dialectical understanding of empowerment, seem to be important conceptual steps towards understanding those relations. In this regard the exploration has also helped us to identify three particular challenges for ongoing research on TSI. A first challenge is the further development of dynamic accounts of social innovation initiatives, and better explaining processes of TSI development over time and space. The conceptual framework presented here highlights the importance of co-evolution, and, as indicated in section 4, one important step is the crafting of accordingly dynamic case study designs. A further step is to embed the four ‘shades’ and (dis)empowerment concepts in a more fully developed theoretical framework that specifies TSI in terms of complex, multi-layered processes of institutional change, including a further empirical exploration of specific mechanisms and process stages in ongoing and historical cases of TSI (Haxeltine et al. 2016). As such, further research is challenged to specify the co-evolving shades of change and innovation, and the (dis)empowerment dialectics, as they unfold over time and space (Pel et al. 2015).

Second, these challenges of developing process theory also point to a need to pay more explicit attention to the cultural, geographical, political and social *contexts* of transformative social innovation initiatives. As the three cases substantiate, national and regional path dependencies matter greatly. TSI theory should develop the capability to explain how differences in context influence the dynamics of how TSIs unfold over time and space (Jørgensen et al, 2015). Such theory should, for instance, account for the implications of welfare state arrangements being dismantled in some places, whilst being developed further and extended in others.

A third challenge for future research lies in making this co-evolutionary understanding productive for actors. We assume that actors can increase the transformative potential of social innovations by playing into such co-evolutionary processes; cleverly playing into apparent ‘game-changers’, connecting to ongoing (calls for) ‘system innovation’, and linking up with multi-layered ‘narratives of change’ in both mainstream and grassroots movements. This can be further developed in terms of specific sets of practical challenges, such as governance, social learning, resourcing, and reflexive monitoring (Avelino & Wittmayer 2014, Pel & Bauler 2014). In line with our understanding of distributed agency, such empowering insights should serve the full range of potential TSI agents, including social entrepreneurs, activists and policy makers.

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