

BOOK REVIEW

Creating Economic Space for Social Innovation, Alex Nicholls and Rafael Ziegler (eds) (2019) 496pp., £85 hardback, Oxford University Press, Oxford, ISBN 9780198830511

This book provides a comprehensive discussion of economic space for social innovation, addressing in particular marginalized populations, long-term projects, programmes and policies that have emerged within and across Europe. Even the title of the book arouses curiosity.

The reader may ask what social innovation and economics have in common. The rise of social innovation in policy discourse across Europe, at least since the financial crisis of 2008–9, signals a growing dissatisfaction with mainstream ways of thinking about innovation and its role in economic development. Although social innovation is not a new phenomenon, policymakers and academia increasingly perceive it as a way to cope with grand challenges. Accelerated by the recent normative turn in research and innovation policy, which has made way for what has been labelled ‘mission-oriented’ or ‘challenge-oriented’ innovation policy, social innovation has become a central element on policy agendas at all governance levels. The forthcoming Horizon Europe programme, for example, defines five missions and clear targets, intending to maximize the impact of research and development, to sustain global competitiveness and to improve peoples’ daily life. Likewise, the German High-Tech Strategy 2025, launched by the Federal Ministry for Education and Research, claims to promote research into issues relevant to the German economy and society while emphasizing the role of social innovation. The country-wide Portugal Social Innovation support programme, with its corresponding social impact bond, is a further example.

But how do markets as socio-economic institutions relate to the poor, marginalized and vulnerable? What are the drivers of, and barriers to, social innovation in various institutional settings? What is public policy’s role in developing finance structures and wider ecosystems to support social innovation development and growth? How can the impact of social innovations be captured and measured at the organizational and national levels? In response to these questions and the many, yet often unconnected, research activities in the field, the book introduces a novel, theoretical approach to social innovation, the extended social grid model (ESGM). Combining economic and sociological theory and ethics, the ESGM envisages revealing the power dynamics and social structures that enable and constrain an individual’s life choices and capacity for action. It provides the book’s core analytical frame. To move beyond a mere collection of chapters on social innovation, the book aims to reflect the transdisciplinary collaboration of scholars across Europe by bringing together their various perspectives in a comprehensive approach. The result is a collection of inspiring contributions based on the ESGM that can serve as a reference for future research, political and social practice. The book is in three parts: the first introduces the ESGM, the second explores the model through longitudinal case studies and policy analysis, and the third emphasizes the implications of social innovation for theory and practice. A detailed discussion of the individual chapters would go beyond the scope of this review. Therefore, in the following, the book’s core aspects are illustrated by explicating relevant results and exciting insights from the reviewer’s perspective.

Theoretical foundation: the extended social grid model

To help the reader understand the various case studies, part I of the book sets out the ESGM model and its theoretical groundings. Alex Nicholls and Rafael Ziegler provide the opening with their

paper, 'The extended social grid model'. The authors' working definition of social innovation used throughout the book is:

The development and delivery of new ideas and solutions (products, services, models, modes of provision, processes) at different socio-structural levels that intentionally seek to change power relations and improve human capabilities, as well as the processes via which these solutions are carried out.

The ESGM brings together three interrelated strands of theory: Beckert's social grid model, Sen's capabilities approach and Mann's analysis of institutional power structures and role in understanding the socio-structural drivers of marginalization. The three driving forces 'social networks' (i.e., social relations and relational patterns), institutions (i.e., rules and norms) and cognitive frames (i.e., shared meanings and interpretations) of Beckert's social grid are applied in non-market contexts and form the starting point for the ESGM. Drawing on Mann, these elements are extended by what the authors label 'the social forces of power'. Economic power is broadly understood as 'transformation, distribution and consumption of products of the nature, and the various modes of provision associated with this' (p.14). In addition, political, cultural, artefactual, security-related and natural sources of power are considered. Moreover, the authors differentiate distributive from collective power, where social networks can establish the latter. Finally, the ESGM draws on the capability approach to human development to explore explicitly the ethical aspects of social innovation and marginalization. Here capabilities as 'freedom "to do" and "to be"' are viewed as a form of power in itself in that they determine the 'opportunity to do and to be what one has a reason to value' (pp.18ff.). Giving the marginalized a voice in political decision-making through empowerment is perceived as crucial to understanding what marginalization means to those affected and why they seek to overcome the constraint situation.

By bringing together the three theoretical strands, the ESGM makes an important contribution to the theoretical foundation of social innovations. Via a typology of power, it allows the connection of the macro-level dynamics that shape social structure to micro-level effects on individual capabilities. Two subsequent chapters in part I substantiate the ESGM. Power and power relations are rarely explicitly taken into account in the academic debate on social innovation. Importantly, Risto Heiskala underpins the ESGM by situating Mann's power approach in the context of social innovation. The author posits that 'sometimes the old recipes are well known, but their effective use is a matter of political struggle' (p.44). He continues: 'Here we enter into the field of distributive power games pure and simple'. The author leaves it to the reader to interpret or imagine what exactly is meant by power games in the context of social innovation. Of particular interest are the six distinct forms of marginalization proposed by Heiskala, which link the theoretical model to its empirical foundation in part II.

The third chapter provides the reader with an understanding of what is meant by 'economic space' in the book's title. Social innovation is assumed to comprise innovations in goods and services that transcend market provision. Taking a capabilities' perspective, Rafael Ziegler and Nadia von Jacobi introduce a typology of 'modes of provision, i.e. the plural ways in which a service or good is provided to users and beneficiaries' (p.51) to analyse the economic space of social innovation beyond the market/non-market dichotomy. The authors distinguish between self-, informal, market, public and professional provision and conclude that, while market provision is important, it is just one mode. To fully grasp social innovation's economic space, the authors suggest considering the various modes of provision and their interplay.

Georg Mildenerger, Gudrun-Christine Schimpf, Enrica Chiappero-Marinetti and Nadia von Jacobi shed light on the heterogeneity of empirical social innovation research. Their chapter provides a valuable overview of recent methodological approaches, ranging from measuring social innovation at the macro-level to social innovation biographies at the micro-level and historical research of various lifecycle models. The authors view longitudinal historical analyses as a

promising avenue for positioning social innovations in their historical context and capturing their development over time. Together, the four chapters lay the foundations for part II of the book.

Empirical exploration of the ESGM

While history is often neglected in innovation studies, part II of the book uses historical analyses to explore the ESGM empirically, focusing on social innovation trajectories. In ‘Housing for all’, Gudrun-Christine Schimpf, Georg Mildenerger, Susanne Giesecke and Attila Havas trace the evolutionary development process of social housing from the mid-nineteenth century to the present. In doing so, the authors provide insight into the complex interactions between institutions and the main actors (social networks) and discourses (cognitive frames) that fostered or inhibited social housing development. By focusing on relevant changes in beneficiaries’ capabilities, their tentative evaluation finds the right balance between detailing history exemplified by social housing in Vienna and linking it back to the ESGM by analysing social networks, institutions, power and capabilities. The authors point to the need for various types of innovation to emerge (including technological, organizational and business model innovations) to cope successfully with affordable housing. The findings suggest that the dichotomy between technological and social innovations often found in the literature might actually be obsolete.

Equally interesting are the case studies on freshwater provision, employment, education, and food provision. Gudrun-Christine Schimpf and Rafael Ziegler sketch out the development process of freshwater provision, focusing on the modes of provision. For the authors, the ESGM proved particularly helpful in directing attention to the relevance of cognitive frames in social innovation. In line with findings from earlier studies on continually adapting to changing framework conditions to be effective over time, social innovators have to cope with the risk of mission-drift. As the authors say, ‘part of the challenge is to keep the “social” in focus’ (p.169).

Comparing three social innovations in the light of empowerment, agency and autonomy, Nadia Jacobi, Enrica-Ciappero-Martinetti, Rafael Ziegler, Martijn van der Linden and Cees van Beer investigate the impact of social innovation on individual agency. Following Ryan and Deci (2000), the authors choose autonomy as a proxy of agency and empowerment. More precisely, ‘the Relative Autonomy Index is ... used to track the participants’ [the beneficiaries] “perceived” ability to act autonomously’ (p.250) along the six dimensions of empowerment proposed by Heiskala in Chapter 2. The analysis reveals that the perceived benefits of social innovation centre, foremost, on changes in the dominant cognitive frames for the benefit of the marginalized. Most interesting is the observation that ‘perceived empowerment can apparently be quite high even in the absence of systemic social change’ (p.263). The authors explicitly invite researchers to test and extend their measurement approach to refine and generate new insights. Although statistically significant interactions are hardly discovered, the authors conclude that the findings support the positive relationship among social innovation, agency and autonomy. In contrast, personal relationships and knowledge are ascribed an indirect effect. From this reviewer’s perspective, taking a closer look at the beneficiaries’ absorptive capacities might help advance understanding of the knowledge dimension in agency and autonomy.

The conclusions drawn from the case studies and the comparative analysis are manifold. Nevertheless, although distinct in their nature and evolutionary processes, the case studies and the comparative analysis reveal the complexity of trajectories towards systems change and its impact on beneficiaries. Moreover, the reader is given an understanding of how to operationalize ESGM’s components. Besides, the validation of the ESGM as an analytical framework opens new research pathways, for example, by linking social innovation to the debate on path dependence (path breaking, branching, creation) anchored in evolutionary economics.

In their European social innovation policy analysis, Alex Nicholls and Daniel Edmiston initially draw the reader’s attention to the challenges a systematic Europe-wide comparative social innovation policy analysis poses due to the heterogeneity of social, economic and institutional

frameworks. That said, the authors propose distinguishing policies for social innovation (i.e., policies to encourage social innovations outside the government) from policies as social innovation that denote social innovation in policymaking (p.271). From the perspective of institutions, cognitive frames and social networks, the analysis covers a broad range of policies ranging from EU policy frameworks (e.g., Europe 2020, Social Investment Programme) to regulatory frameworks to social innovation funding and finance (e.g., ERDF, ESF, EaSI). The authors insist that ‘social innovation must always engage with power and politics to achieve systemic change’ (p.290). Such a view extends the notion of social innovation to challenging existing structures, values, norms and policies that fall short in coping with marginalization. The typology derived from the analysis maps the constituent elements of the ESGM – institutions, social networks and cognitive frames – against specific political *loci* of action. It allows us to consider the ‘inter-relations of political actors and their agendas ... at, and across different levels of action’ (p.292). Understandably, their policy recommendations centre on the development and effective implementation of social innovation. Alex Nicholls and Daniel Edmiston explore public policy as social innovation in their study of social impact bonds in the UK in chapter 12.

Implications for theory and practice

Part III of the book outlines implications for theory and practice. In chapter 13, the book’s contributors jointly reflect on the role and limitations of participation in social innovation and revisit the ESGM based on the preceding empirical analyses. The authors, for example, acknowledge that knowledge as a source of power is a neglected dimension in the ESGM. Despite the direct link through cognitive frames, they suggest considering knowledge as a transversal topic across all power dimensions. One central finding is that to ‘understand the contours of the economic space for social innovation, we need to consider further sources and how these interact with the economic power’ (p.345). Political power, along with its manifestation in the influential role of governments and supranational entities, such as the European Commission, is one of those sources. Hence, the authors posit that, in contrast to the dominant social business framing, a normative focus on marginalization calls for considering basic needs (e.g., health, housing, education, access to information and communication technology). In their view, social innovation theory and research ‘would be enhanced by focusing more attention on the history of the welfare state, its failures and achievements’ (p.346). Finally, the authors call for caution concerning the relationship between social innovation and structural change. Focusing solely on systemic change at the macro-level carries the risk of overlooking the value of diverse micro-contexts and ‘their cumulative importance for transformative social change’ (p.354).

In considering capacities as a counterpart to capital and capital as an enabler of capacities, C. W. M. Naastepad provides a rare insight into capital’s role in creating an economic space for capabilities and the urgency of social innovation in finance. He suggests that ‘capital could support the emancipation ... of every individual if it were linked to non-material [i.e., the free development of ideas, knowledge and capacities] and material progress’ (p.364). Based on the assumption that individual capacities are influenced by different dimensions of society co-created by each individual, the author asks how individuals manage the interrelationships of economic, political (equality before law) and cultural (knowledge and emancipation) spheres. Knowing that capital today is guided mainly by the principle of profit maximization, or else shareholder value, Naastepad considers that ‘difficulties encountered in overcoming marginalization ... are due to too narrow an understanding of capital and the principle that should guide it’ (pp.371 ff.). To overcome the Achilles heel of finance necessitates understanding the dual role of capital – linking labour and technology-enabled innovation and the creation of non-monetary values. In this context, financial literacy is viewed as essential. The author concludes that, as governments increasingly withdraw from social tasks, ‘it is for citizens individually and collectively to decide what the world economy will be like’ (p.382), a statement that can also be understood as an appeal to the reader to act. Here, social

innovation in finances (i.e., an economic space for capacities) is attributed a significant role. However, to unfold its full potential requires a broad recognition of the dual role of capital.

In the concluding chapter, Nadia von Jacobi, Alex Nicholls, Daniel Edmiston, Attials Havas, Klaus Kubeczko, György Molnár, Georg Mildenberger and Gudrun-Christine Schimpf discuss implications for social innovation policy. Drawing on the distinction between policies for social innovation and policies as social innovation (as suggested by Alex Nicholls and Daniel Edmiston), the authors propose several recommendations for policymakers that go beyond earlier suggestions. First is setting clear objectives – what sort of change is aimed for, at what level, an issue also evident in mission-oriented innovation policies. Second, policymakers need to consider possible adverse (negative) effects resulting from social innovation. Third, the authors suggest considering social innovation within science and technology innovation as well as in social innovation policymaking. Fourth, it is necessary to recognize and overcome institutional voids to designing and implementing effective social innovation. The authors suggest focusing ‘on approaches that actively foster the capacity to associate’ (p.431) if policymakers envisage promoting social innovation processes that engage the marginalized as co-creators. Fifth, policymakers are advised to support network coordination activities as networks play a decisive role in social innovation. Finally, ‘the construction and maintenance of functioning real-time feedback loops that allow for monitoring and evaluation of public programmes to take place’ (p.441) are viewed as an open challenge to policymaking. It is clear that policies for effective social innovation necessitate several social innovations in policymaking.

This worthwhile book introduces a new path with practical relevance to understanding the economic space of social innovation. However, unlike other edited collections, where the reader probably wants to dip into selected chapters on individual interests, it is crucial to read the first chapter of the book, which introduces the ESGM, to understand subsequent sections. The book’s coverage (in particular, its historical case studies) is impressive, and remarkably, the authors acknowledge that the ESGM is just one way of using insight from innovation studies in social innovation. Nevertheless, each reader would probably have her own list of topics for further elaboration. This reviewer ventures to mention two:

1. Marginalization is a broad phenomenon occurring in various contexts affecting different parts of society in very different ways and to a varying extent. The book, however, leaves the reader with the impression that we are talking about a phenomenon that affects a homogeneous group. Applying the ESGM to specific types of marginalization experienced by distinct groups of people (e.g., homeless, migrants, elderly) with distinct characteristics regarding power, networks and cognitive frames would be interesting.
2. Embedding the use of capital to create economic space for capacities in the broader discussion of going beyond GDP, sustainable development goals and well-being has the potential to underline the relevance of the topic among policymakers, researchers and financial entities.

References

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Judith Terstriep
Institute for Work and Technology
Westphalian University Gelsenkirchen, Germany
terstriep@iat.eu
ORCID: 0000-0002-1579-0469