



Desperately seeking niches: Grassroots innovations and niche development in the community currency field



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ARTICLE INFO

Article history:

Received 14 August 2012

Received in revised form 13 February 2013

Accepted 17 February 2013

Keywords:

Grassroots innovations

Innovation diffusion

Innovation niches

Social innovation

Complementary currencies

Community currencies

ABSTRACT

The sustainability transitions literature seeks to explain the conditions under which technological innovations can diffuse and disrupt existing socio-technical systems through the successful scaling up of experimental 'niches'; but recent research on 'grassroots innovations' argues that civil society is a promising but under-researched site of innovation for sustainability, albeit one with very different characteristics to the market-based innovation normally considered in the literature. This paper aims to address that research gap by exploring the relevance of niche development theories in a civil society context. To do this, we examine a growing grassroots innovation – the international field of community currencies – which comprises a range of new socio-technical configurations of systems of exchange which have emerged from civil society over the last 30 years, intended to provide more environmentally and socially sustainable forms of money and finance. We draw on new empirical research from an international study of these initiatives comprising primary and secondary data and documentary sources, elite interviews and participant observation in the field. We describe the global diffusion of community currencies, and then conduct a niche analysis to evaluate the utility of niche theories for explaining the development of the community currency movement. We find that some niche-building processes identified in the existing literature are relevant in a grassroots context: the importance of building networks, managing expectations and the significance of external 'landscape' pressures, particularly at the level of national-type. However, our findings suggest that existing theories do not fully capture the complexity of this type of innovation: we find a diverse field addressing a range of societal systems (money, welfare, education, health, consumerism), and showing increasing fragmentation (as opposed to consolidation and standardisation); furthermore, there is little evidence of formalised learning taking place but this has not hampered movement growth. We conclude that grassroots innovations develop and diffuse in quite different ways to conventional innovations, and that niche theories require adaptation to the civil society context.

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1. Introduction

The challenges of sustainable development are increasingly seen as demanding fundamental change and systemic transformation in socio-technical systems (Jackson, 2009; UKERC, 2009). An immediate example of this need for socio-technical transformation is presented by the recent financial crisis, which has focused attention on the need for more sustainable and resilient monetary systems. Fundamental questions are being asked about the suitability of capitalist debt-fuelled economic growth to sustain local economies (Mellor, 2010), and alternative models are sought which go beyond incremental reforms to offer radically different

systems of exchange based on greater transparency and democratic control, as well as environmental sustainability (Spratt et al., 2009).

In recognition that systems exhibit 'lock-in' and 'path-dependency', a growing body of research seeks to understand the dynamics and governance of system-wide transformations and social change for sustainability; an academic literature around co-evolutionary systems innovation has emerged which terms these shifts 'sustainability transitions' (Grin et al., 2010). From historical case studies of socio-technical transformations, this work points to the transformative potential of accumulations of experimental projects in 'niche' spaces, as sources of radical (rather than reformist) innovation (Schot et al., 1994). Niches are protected spaces where projects can develop away from the normal selection pressures of mainstream systems, offering supportive networks to allow experimental new systems to take shape, such as business incubators, subsidised technologies, or ecovillages (Smith and

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Raven, 2012). The transitions literature examines the conditions and characteristics of successful (i.e. influential) niches. However, most of this research has focused on top-down technological innovation in market settings; in contrast, “the role of consumers and grassroots initiatives in transitions is underrated and under-conceptualised” (Grin et al., 2010: 331).

There is an increasing interest in harnessing the innovative potential of civil society to address policy objectives (NESTA, 2009; McCarthy, 2010; Mulgan, 2006). The UK Government has recently affirmed its view that “the third sector shapes the future by mobilising and inspiring others [and] the innovation and enthusiasm of civil society is essential in tackling the social, economic and political challenges that the UK faces today” (DEFRA, 2012: 2). However, little is known about the conditions required for their success or wider diffusion, or about how these initiatives might be supported to achieve wider influence on mainstream systems. Recent work on ‘grassroots innovations’ argues that civil society is a promising but under-researched site of innovation for sustainability (Seyfang and Smith, 2007). This work extends the focus of sustainability transitions research to examine predominantly social, community-led, values-driven innovations and explore how to harness and diffuse radical community-based action for sustainability (Seyfang, 2009; Seyfang and Haxeltine, 2012; Hielscher et al., 2013; Georg, 1999; Hess, 2007; Avelino and Kunze, 2009). This paper adds directly to the emerging body of research on grassroots innovations, by using the empirical example of community currencies to test the relevance of niche development theories in a civil society context.

Community currencies are civil society-led parallel exchange mechanisms designed to promote sustainable development. The number of community currency experiments has expanded over the last 30 years (Seyfang and Longhurst, 2013), and within the literature they are often considered as a single movement (Blanc, 2012; Collom et al., 2012). They can therefore be described as grassroots innovations, however they have not previously been studied as innovative niches. This paper explores the extent to which niche development theories can provide an explanation of the growth of the field. Our overarching aim is to gain a better understanding of the processes by which grassroots innovations develop and diffuse, and thereby gain insight into how to harness and grow such initiatives. In order to do this we draw on new empirical research that investigates the global scope and character of community currencies, using primary and secondary sources, elite interviews and participant observation in the field.

The paper proceeds as follows: the next section introduces the theoretical context for this research, highlighting the distinctiveness of grassroots innovations. We then present community currencies as an example of such initiatives, explaining their rationale and application, outlining our research methodology, and describing the growth of the field. Next we explore the extent to which niche processes can be discerned in the community currency field. We conclude with suggestions for future research into grassroots innovations, along with theory-driven recommendations for harnessing their potential.

2. Theoretical context

2.1. Sustainability transitions and niche innovations

The challenge of shifting modern societies to more sustainable development trajectories has prompted a growing academic and policy interest in the governance of socio-technical transitions and sustainable innovations (Grin et al., 2010). This is particularly important when dominant (unsustainable) systems ‘lock-in’ innovation processes, cannot solve the underlying problems, and exclude alternative visions (Sanne, 2002). A Multi-Level

Perspective of sociotechnical systems change attempts to explain the dynamic relationships between innovative radical niches, incumbent regimes (dominant systems), and wider landscape pressures (semi-exogenous contexts) (Smith et al., 2005, 2010; Geels, 2002). Historical studies of socio-technical systems transformations have revealed that accumulations of projects in experimental ‘niches’ have triggered widespread systems-change when those dominant systems have been under tension (Geels and Schot, 2007), and these studies have sought to explain the conditions and processes whereby effective niches might form and influence sustainability transitions in dominant systems.

Sociotechnical niches are defined in various ways in the literature, but a common theme is the ‘protected space’ where new sociotechnical configurations and practices can be experimented with and develop away from the selection pressures of the dominant regime: “change within the regime tends to be incremental and path-dependent... ‘revolutionary’ change originates in ‘niches’” (Smith et al., 2010: 440). Niches comprise intermediary organisations and actors, which serve as ‘global carriers’ of best practice, standards, institutionalised learning, and other intermediary resources such as networking and lobbying, which are informed by, and in turn inform concrete projects (experiments) on the ground (Kemp et al., 1998; Geels and Raven, 2006). Under the right regime conditions, successful niches facilitate the diffusion of innovative socio-technical practices and systems. Within this literature Strategic Niche Management has developed as a governance-focused strand of research, which seeks to understand how to proactively create and nurture niches developing desirable sustainable innovations, with the aim of triggering wider systemic transitions (Hoogma et al., 2002; Raven, 2005).

In the strategic niche management literature, Kemp et al. (1998) identify three key elements of successful niche-growth and emergence: visions and expectations; networks; and learning. To best support niche emergence, visions and expectations should be widely shared, specific, realistic and achievable; networking activities should embrace many different stakeholders, who draw resources from their organisations to support the niche’s emergence; and learning should contribute not only to everyday knowledge and expertise, but also to ‘second-order learning’ wherein people question the assumptions and constraints of mainstream systems altogether (ibid). These three processes are, of course, interdependent, and constitute a dynamic niche-development trajectory whereby learning leads to higher expectations of functionality, thereby enrolling new actors and resources, and so on, in either virtuous or vicious cycles (Raven, 2007).

A key empirical question has been how the niche level activity builds on the experience of local experiments, and manifests these learning mechanisms, which in turn support and shape multiple, diverse local projects, and help new projects to form. Building on SNM, it has been suggested that this involves aggregation activities that include:

standardisation, codification, model building, formulation of best practice, etc. Also circulation of knowledge and actors is important, to enable comparison between local practices and formulation of generic lessons: conferences, workshops, technical journals, proceedings, newsletters play a role too. (Geels and Raven, 2006: 378)

This work suggests that the processes of creating shared visions and expectations, networking and learning happen not only at the localised level but also at a more abstract ‘global’ level. Geels and Raven (2006, 390) suggest that at this level visions and expectations about the functionality of innovations are particularly important. Geels and Deuten (2006) suggest that this ‘hidden work’ of niche-building consists of three crucial elements: the

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