



## Analysis

# Commercial orientation in grassroots social innovation: Insights from the sharing economy



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## ARTICLE INFO

## Article history:

Received 6 March 2015

Received in revised form 28 July 2015

Accepted 4 August 2015

Available online 14 August 2015

Editor: R.B. Howarth

## Keywords:

Sharing economy

Grassroots innovation

Sustainability transitions

Social innovation

Collaborative consumption

Grassroots organisations

## ABSTRACT

There is growing interest in the roles of the sharing economy and grassroots innovation in the transition to sustainable societies. Grassroots innovation research has tended to assume a sharp distinction between grassroots organisations and businesses within niches of socio-technical innovation. However, the non-profit sector literature identifies a tendency for non-profit organisations to actually become more commercially-oriented over time. Seeking to account for this tendency, we develop a conceptual model of the dynamics of grassroots organisations within socio-technical niches. Using a case study of Freegle, a grassroots organisation within the sharing economy niche, we apply the conceptual model to illustrate the causes, processes and outcomes of grassroots niche organisations becoming more commercially-oriented. We show that a grassroots organisation may be subject to coercive and indirect (isomorphic) pressures to become more commercially-oriented and highlight the ambiguities of this dynamic. Furthermore, we highlight that global niche actors may exert coercive pressures that limit the enactment and propagation of the practices and values of grassroots organisations. We conclude by highlighting the need for further research exploring the desirability and feasibility of protecting grassroots organisations from pressures to become more commercially-oriented.

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## 1. Introduction

There is growing interest in, and controversy around, the emergence of the so-called sharing economy and collaborative consumption (Botsman and Rogers, 2011). In practice the terms sharing economy and collaborative consumption tend to be used interchangeably to refer to a diverse field of innovation,<sup>1</sup> which can be loosely defined as an Internet mediated “economic model based on sharing, swapping, trading, or renting products and services, enabling access over ownership” (Botsman, 2013). In this paper we focus on forms of collaborative consumption, viewed as social innovations with the potential to play a role in the transition to a more sustainable society. In particular, we focus on the case of online free reuse groups (e.g., Freecycle and Freegle groups), as one of the largest and most established innovations in collaborative consumption. These groups have millions of members across the UK (Freecycle, 2015; Freegle, 2015), and are run by grassroots networks of community activists and non-profit organisations. The groups themselves provide an online platform for people to freely and directly give unwanted (i.e., underutilised) items to others in their local area (rather than sending them to their local authority waste system).

When considering the ‘sharing economy’, a crude distinction can be drawn between two narratives employed by policy-makers, commentators, entrepreneurs, critics and activists. First, there is a narrative around the development of a market-based digital innovation with the potential to disrupt established business models, generate economic activity, and potentially lead to incidental social and environmental benefits (e.g., PwC, 2015; Woskowsky, 2014). This perspective has been strongly critiqued as a form of “neo-liberalism on steroids” (Morozov, 2013) due to the potential of technological innovations within the sharing economy to circumvent environmental and social regulation. For example, sharing economy platforms such as Airbnb and Uber have been critiqued for enabling tax avoidance and eroding labour rights respectively.

Alternative narratives have been constructed around the development of a social innovation, or even a social movement (Schor, 2014), seeking to address the unsustainability, injustices and inequalities of market economies. Advocates of this perspective argue that the sharing economy holds the potential to liberate society from the practices of hyper-consumption (Botsman and Rogers, 2011), and could create “a potential new pathway to sustainability” (Heinrichs, 2013: 228). Advocates justify such expectations arguing that sharing access to goods and services creates the opportunity for vastly more efficient utilisation of resources (from cars to accommodation), which in turn will reduce the scale of economic activity and hence yield environmental benefits.

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<sup>1</sup> This field provides the empirical focus for this paper and hence we also use the terms interchangeably.

Furthermore, advocates also claim that sharing access to resources builds social capital (as citizens interact in the process of ‘sharing’), and allows for more equitable distribution of goods and services (as access costs are lower than ownership costs).

It is this second narrative to which our case study relates most closely, and in this paper we frame online free reuse groups as a grassroots social innovation (Seyfang and Smith, 2007) emerging from civil society. Seyfang and Smith (2007: 585) “use the term ‘grassroots innovations’ to describe networks of activists and organisations generating novel bottom-up solutions for sustainable development; solutions that respond to the local situation and the interests and values of the communities involved”. Hence, grassroots innovation research can also be viewed as a timely contribution to understanding the role of collective and community action in enacting the principles of ecological economics (Castro et al., 2011; Walter, 2002).

Research on grassroots innovations to date has tended to apply the theoretical frameworks of socio-technical transitions (Markard et al., 2012; Smith et al., 2010) to explore the development of social innovations including: community currencies (Seyfang and Longhurst, 2013), community energy projects (Seyfang et al., 2014), cohousing provision (Boyer, 2014) and community digital fabrication (Smith et al., 2013). A particular focus has been the application of niche development theory (Geels and Raven, 2006; Smith and Raven, 2012) to explain the dynamics of grassroots innovation (Seyfang et al., 2014; Seyfang and Longhurst, 2013). Such theory, originally developed to explain the dynamics of technological innovations within the market economy, conceptualises niches as protective space within which innovations, and the organisations developing them, are shielded from external pressures, nurtured and empowered (Smith and Raven, 2012). However, Haxeltine et al. (2013) have perhaps extended the socio-technical transitions literature furthest in terms of seeking to account for the dynamics of social innovation, emphasising the role of such innovation in empowering actors to effect change, catalyse transformative discourses and support game-changing developments, in a mutually reinforcing system of influences.

Much of the interest in grassroots innovation arises from the outsider status of the activists and social economy<sup>2</sup> organisations involved. From their position outside the mainstream and the market economy, grassroots innovations offer visions of radical transition pathways and mobilise marginalised values, organisational forms and institutional logics. In short the world of the grassroots is assumed to be very different from the world of business, as Seyfang and Smith (2007: 584) observe: “Grassroots, niche innovations differ from mainstream, business reforms; they practise quite different kinds of sustainable development”. However, the extensive non-profit sector literature suggests that grassroots organisations (Smith, 2000b), and non-profit organisations more generally (Maier et al., 2014), might not be as different from businesses as scholars of grassroots innovation assume. In particular, as Maier et al. (2014: 1) observe in their recent extensive review of 599 academic publications “the becoming business-like of nonprofit organizations (NPOs) is a well-established global phenomenon that has received ever-growing attention from management and organization studies”.

In light of this contradiction between the assumptions of grassroots niche innovation and the empirics of non-profit organisational dynamics, we pose two research questions: how exactly do organisations engaged in grassroots innovation change over time, to become more commercially-oriented? What are the implications of these organisational dynamics for socio-technical niche theory? We address these research questions through a case study of the development of Freegle – a grassroots organisation, within the sharing economy

niche, that runs a network of free reuse groups. In this way we aim to add to the theorisation of the niche as a socio-technical space by incorporating the experience of grassroots organisations and hence better explain the dynamics of grassroots innovation development. This in turn may inform the actions of policy-makers and practitioners seeking to promote and foster grassroots innovation.

In the next section we present the theoretical context to the study. This draws primarily on socio-technical transitions theory – specifically the niche theory of Smith and Raven (2012) – and then introduces concepts from non-profit and voluntary sector studies – specifically from the grassroots association lifecycle theory of Smith (2000b) – to provide explanatory accounts of the dynamics of grassroots organisations. Bringing together these two theoretical perspectives, we offer a conceptual model of the dynamics of grassroots organisations within niches of socio-technical innovation. We then describe the case study context, namely the sharing economy and in particular Freegle. This is followed by an outline of the mixed-methods approach used in the study, which includes: semi-structured interviews with free reuse group activists; documentary analysis; and quantitative analysis of online message boards used by activists. Finally, the research results are presented and discussed in the light of the implications for social innovation theory and practice, particularly in relation to socio-technical niche theory.

## 2. Material and Methods

### 2.1. Theoretical Context

#### 2.1.1. Grassroots Innovation – A Sustainability Transitions Perspective

Socio-technical and sustainability transitions is an interdisciplinary field of research that seeks to understand how the radical change required to create a sustainable society might take place and how such change might be governed (Markard et al., 2012). The Multi-level Perspective (MLP) (Geels, 2005) is one prominent theoretical model within this field and conceptualises transition dynamics as interactions between posited, multi-level socio-technical structures that constitute society. Three conceptually distinct levels are identified: the *landscape* – the structures deeply embedded within the fabric of society including dominant societal values, economic paradigms and institutional logics; the *regime* – the prevailing socio-technical systems that serve societal needs including the energy, waste, water and transport systems; and the *niche* – the protective space from which innovations emerge with the potential to transform the regime and the landscape (Smith and Raven, 2012). Although the transitions sub-field is fundamentally structural in the processes that it posits, within these structures, and particularly within the niche, actor relationships are important (Smith and Raven, 2012).

In this paper our focus is on the niche level, which is conceptualised as a two level structure (Geels and Raven, 2006) consisting of: the *local (or project) level* – groups of related environmental innovations each grounded in a specific local context; and the *global (or cosmopolitan) level* – intermediaries promoting social networking and social learning within the niche and mobilising resources to support projects. Smith and Raven (2012) identify processes that contribute to the protection of innovations at the local level including: *shielding* – processes that limit the impact of selection pressures exerted by the regime on the projects within the niche; and, *nurturing* – “processes that support the development of the path-breaking innovation” (Smith and Raven, 2012: 1027). Smith and Raven (2012) also offer an extensive list of selection pressures that a niche might offer protection from, including market rules and institutions, administrative regulations and technical standards. The pressures identified are grounded in the logics of the market economy, leaving open the possibility of developing greater understanding of the pressures faced by niche actors within the social economy.

Whilst niche theory, as outlined above, has been usefully applied to explain the dynamics of technological innovations within the market

<sup>2</sup> The social economy encompasses the activities of non-profit and cooperative organisations and social enterprises, and is often referred to as a ‘third sector’ distinct from the public and private sectors.

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