



Adopters build bridges: Changing the institutional logic for more sustainable cities. From action to workset to practice

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ABSTRACT

The aim of this article is to develop a model of change in urban context to map key steps towards changing an institutional logic: How can new ideas that aim at changing the dominant logic become practice in a city? To this end, the article explores the innovation process of institutions, thereby bringing together areas of research on institutional entrepreneurship, innovation processes, and transformation. Our model interlinks invention, innovation and adoption of new institutions to achieve a new institutional logic for more sustainable development in a city. We introduce ‘workset’ as an interim step between action and practice and identify local adopters as key for diffusion. We illustrate our framework using a case study of urban institutional entrepreneurship in the socio-economic system of a German city. Our findings indicate that the roles of local institutional entrepreneurs and local adopters partly overlap, that worksets are crucial for broader diffusion of new institutions, and that a robust design supports the adoption of the institutional innovation.

1. Introduction

“The performance of market capitalism reveals severe failings and frailties ... Taking on the mission of shepherding the global commons, the shared natural resource base, implies far-reaching reforms to market capitalism” (World Economic Forum, 2017).

Far-reaching reforms to market capitalism is not just about changing some elements of a system, rather, it requires changing the dominant logic. How can you change these rules of the game and how does the adoption take place? We address these questions relating to a city and by combining insights from innovation management and institutional entrepreneurship. Both scholarly communities are concerned with the introduction of something new and the tension with what it is supposed to replace.

In the field of institutional entrepreneurship, scholars have discussed change of institutions looking at organizational and field level (Thornton et al., 2012) and at projects in urban sustainable development (Klein Woolthuis et al., 2013), investigating the location of institutional entrepreneurs (Seo and Creed, 2002; Lounsbury, 2002) and examining micro-level processes (Maguire et al., 2004; Smets et al., 2012). The focus is on the *initiation* of change, on the institutional entrepreneur who has a mindset to change institutional arrangements and takes actions to mobilize resources (DiMaggio, 1988).

The field of innovation management has developed especially from the 1960s onwards, with a focus on the economics of technological innovation (Nelson, 1959), and the spread of innovation (Rogers, 1962). Surprisingly,

in their analysis of innovation studies based on a survey, Fagerberg and Verspagen (2009) don’t discuss the *adoption* of innovation, yet, success of innovations depends on their adoption and this, in turn, is shaped by social and institutional systems (Bandura, 2002). As Landström et al. (2015) point out, innovation studies is a field of research separate from the field of entrepreneurship, not to mention *institutional* entrepreneurship, and most work on institutional change does not integrate the literature on innovation (Kukk et al., 2016, 1559).

We relate and extend work in these fields to the local level of regional sustainable development, thereby addressing the ‘complex web of elements and issues’ in systems change (Twomey and Gaziulusoy, 2014). Drawing on insights from the institutional entrepreneurship perspective and from innovation process perspective involving invention, innovation, and adoption phases, we link institutional entrepreneurship and adoption to individual, organizational and system level phenomena in a city to better understand institutionalization of new urban practices (Fig. 1).

We hereby investigate the respective process of institutional entrepreneurship for a more sustainable economy: the aim of this article is to develop a model of change in urban context to map key steps towards changing an institutional logic. To this end, we apply the concepts of institutional entrepreneurship and adoption to innovations for urban sustainable development. As part of three years of research on a city as space for possibilities, we use a transdisciplinary, explorative approach applied to a German city, focusing here on the local implementation of

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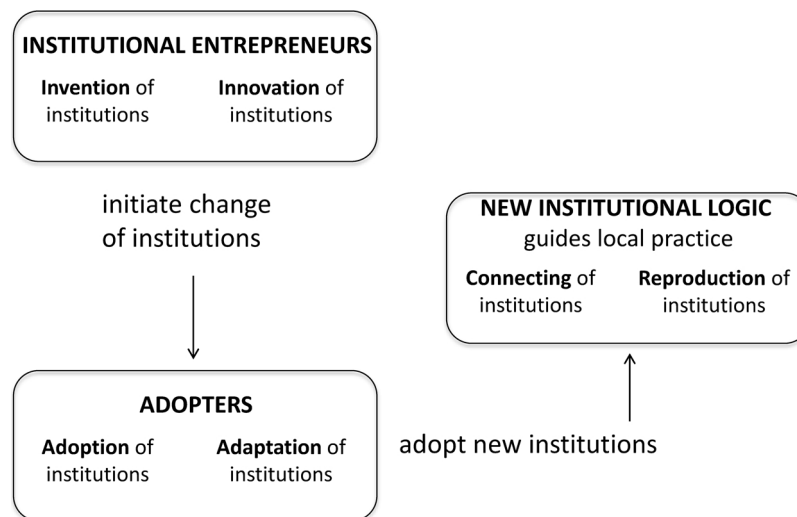


Fig. 1. Institutional innovation process and local practice.

the approach ‘Economy for the Common Good’. This is one of the initiatives to change the dominance of the market logic. Addressing the impact of institutional logics in cities is of relevance for companies as well as for public policy: Achieving a more sustainable development in cities is the 11th of the 17 Sustainable Development Goals promoted by the United Nations, which has important implications for local *public policy*. For *companies*, implementing these ideas would have far-reaching consequences for managing their business in the city.

Applying the idea of changing the institutional logic to urban development, we propose three contributions to the understanding of institutional change:

(1) We model the process of invention, innovation, and adoption of *institutions* for change from the actor’s to the *regional level*, thereby highlighting the key role of *early adopters*: These do not simply adopt but actively seek to cooperate with peers and to mobilize them, thereby displaying elements (Battilana et al., 2009) of institutional entrepreneurship.

(2) We identify the turning of action to *workset* on the individual level and its translation to practice on the field level as key processes in embedded agency: While Smets et al. (2012) show how practice induces bottom-up change on the field level, with practice being defined as “patterns of activities that are given thematic coherence by *shared meanings and understandings*” (879, emphasis added), we include actors’ ‘pre-practice’ mindset and activities many of which peter out on the individual level instead of becoming established. Therefore, it is important to understand how intended institutional change comes to a standstill when institutional entrepreneurs’ single actions don’t turn into a workset, with new workset defined as *an individual’s changed way of doing*. While practice as ‘shared doing’ implies that individual actors have examples to follow, institutional entrepreneurs lack such a template and might feel awkward about their novel actions, possibly lacking resources to expand them.

We apply our model to the challenge of more sustainable development, thereby addressing the puzzle that people know and often want to walk a more sustainable path but on a regime or field level the uptake is too little and too slow. While much progress has been made investigating socio-technical transitions of specific regimes such as renewable energies technologies (e.g. Hoogma et al., 2002; Lund, 2007; Geels and Raven, 2006; Lopolito et al., 2011) as well as transitions towards more equitable urban societies (Simmons et al., 2018), and studies of regional development address multiple factors and levels (for an overview see Truffer and Coenen, 2011) we propose that

(3) insights from the institutional logic perspective will further the understanding of change processes for a more *sustainable development*,

which is a ‘grand challenge’ (Kuhlmann and Rip 2014, Eisenhardt et al., 2016), requiring new responses (Foray et al., 2012).

The article is structured as follows. Section 2 provides the theoretical context by discussing (1) the relevance of institutional logics, (2) institutional entrepreneurship to change logics and (3) the city as an institutional field. In Section 3 we develop our preliminary model, based on the theoretical context discussed in Section 2. In Section 4 we describe our case study and present our findings. We discuss our findings and complement our model accordingly in Section 5 and conclude (Section 6).

2. Theoretical context

2.1. The issue of dominance of an institutional logic

Increasingly, actors make a case for changing the dominant market logic, as the “seemingly unimpeachable logic of market efficiency” (Gibbs et al., 2013: 2152) requires a critical interrogation into its suitability to address the ‘grand challenges’.

Since the seminal article by Friedland and Alford (1991) who propose that society is an inter-institutional system with sectors of distinct logics that provide ‘coherent’ guidelines for interpretation, acting, and justification, scholars have applied the institutional logics perspective to a range of *organizations’ fields*. We use institutional logics as “socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio, 1999: 804) to investigate *regional change*: Following Marquis et al. (2013), we conceive of the city (a geographical community) as an institutional field.

These logics are important as they guide individual attention which influences the decision making process of individuals and within organizations (Fig. 2).

The market logic for instance is described amongst others as transaction-oriented, with profit, self-interest and shareholder value being key for agency; the community logic is characterized by a common boundary and commitment to community values. A sustainability-oriented logic shows commitment to social and environmental betterment (De Clercq and Voronov, 2011). Different logics may apply simultaneously in a field, producing contradictions and room for change. As Vickers et al. (2017) show, the interplay of multiple logics can shape social innovation as “new combinations that produce social change” (Swedberg, 2009: 102), which involves collaboration between actors from different sectors and with different logics. Yet, the institutional logic that has come to preside in many fields is the market logic:

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