

# The Analysis of Social Innovations as Social Practice<sup>1</sup>

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In the specialist and the broader public an understanding is common that primarily perceives economically effective new technologies and marketing and organizational measures in enterprises as being innovations. By contrast, the innovative quality of new social practices, organizational forms or modes of behaviour has hardly been heeded, either as a field of research or as an objective worthy of being financed. This one-sidedness has a system and a history that will be outlined here so as then to work out the specifics of what should be understood by social innovations and through which operable categories they can be empirically recorded and analyzed. In conclusion, reference will be made to critical areas of social development in the 21<sup>st</sup> century in which there is a special need for basic social innovations.

## 1. The concept of innovation in an economically dominated society

There were innovations before there was a concept for them and their increasing prominence in the past decades. However, this does not lessen the significance of the potentials for safeguarding and improving human living conditions emerging from the researching and financing of innovations. After all, space, time, star dust and biological cells existed before humans perceived them, made them into concepts and began to understand and utilize their qualities and hence also effects. The concept of innovation, in terms of the implementation and dissemination of a novelty, developed in the first half of the 20<sup>th</sup> century and was first described with features still acknowledged today by Joseph Schumpeter (1911, 1942; current editions: 2006, 2005). It attracted attention and significance in the course of decades, initially in economic theory. Towards the end of the 20<sup>th</sup> century, innovation became a salient objective of general corporate practice and a guideline for research and economic policy in industrially highly developed countries. However, the focus on economy and technology remained characteristic: indicators and statistics on innovations, their forms, prevalence and the differences between countries or regions have up to now only been based on surveys in the basic population of enterprises (cf. OECD/EUROSTAT 2005; EIS 2009<sup>2</sup>).

Depending on historical, regional and political conditions, innovations are embedded in basic cultural patterns and processes of social change. The phenomena, functions and effects, and also the opportunities and speed of dissemination of concrete innovations, are based on these prerequisites. They are affected by them and become socially relevant in a thoroughly ambivalent sense: innovations can affirm, support and accelerate existing social conditions and trends or oppose these developments and change the 'normal' course of events. All innovations are based on intentions and by definition unfold potential for change; but the chances of success and proliferation differ

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<sup>2</sup> Innovation Scoreboard:

[http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item\\_id=4139&lang=de](http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=4139&lang=de) (Status: 12 Oct. 2010).

according to whether the intentions and effects of an innovation comply with or run contrary to the basic patterns of a society. The effort necessary to assert the new against the old or to make an idea or an invention into an innovation successful in society or on the market is less, if the innovations basically conform to existing expectations. Innovations aiming not at improving (perfecting), but at changing (altering) the status quo have to expect and overcome greater obstacles.

Just as technology is to a certain extent socially constructed (shaped), innovations, regardless of whether they are of a technological or social nature, also develop under concrete cultural conditions. In the present with its globally spread and determining 'Western industrialized' world economy, the dominance of the economy over society stands in the foreground. More than 200 years of industrial development and the global assertion of the capitalist value system (Wallerstein 2004) have led to an economic model with global interdependencies, without there being the adequate institutions and structures of a solidary world community that might be in a position to end poverty and dependence by steering and utilizing in targeted fashion the enormous economic productivity.

Schumpeter's Austro-Hungarian compatriot and contemporary Karl Polanyi diagnosed that the modern changes in 'Economy and Society' (also the title of Max Weber's main work of 1922) had led to a separation and independence of economic processes and structures from society. In the course of this 'great transformation' (Polanyi 1944), different development and action logics emerged, making society dependent on a specific type of economy. The economy is increasingly being perceived as something 'external' and socially uncontrollable.

Accordingly, in industrially and financially developed capitalism, the 'system of the market economy', unlike earlier market forms<sup>3</sup>, became a specific institution 'of enormous significance for the overall structure of society: it means no more and no less than the treatment of society as an appendix to the market. The economy is no longer embedded in social relations, but social relations are embedded in the economic system' (Polanyi 1978, 88f). Such a dominance of European economic conditions and criteria in or *against* society implies that all socio-cultural structures seem determined by the economy. Against this background, it is hardly surprising that a value difference appears between 'social' and 'economic' innovations: innovations in and through the economy, whose success can be defined and measured in sales and revenue figures, stand in the limelight, and are heeded, financed and applauded. Innovations 'outside the world of the economy', i.e. in state and civil society domains, seem not only different, but receive less attention, funding and consent. However, this opposition is artificial and logically untenable. Just as there are innovations in economic enterprises (cf. Kesselring and Leitner 2008), innovations may have economic causes and consequences in public and civil society sectors. What is important here is the objective: social innovations create 'social facts'<sup>4</sup>, whereas economic innovations create economic added value. In both cases, it is not meant that social facts must be positively assessed and desired (and by all the people affected by them) or that economic added value should be sustainable in a broader sense of the word. Just as little can it be excluded that social facts (e.g. practices, norms, lifestyles) can also

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<sup>3</sup> 'Whereas History and Anthropology know of different economic forms, most of which contain the setting up of markets, they do not know of any economy before ours that was even remotely so dominated and controlled by markets.' (translated from Polanyi 1978, 72)

<sup>4</sup> That is 'any more or less laid down form of action with the capacity to exert an external compulsion on the individual; or also generally appearing in the field of a given society and possessing a life of its own, independent of its individual expressions' (translated from Durkheim 1984, 5).

have economic effects or economic and technological innovations also lead to new social facts (e.g. when Web 2.0 technologies result in new communication patterns).

The most important contributions to the introduction and dissemination of the classical concept of innovation are rightly attributed to the social scientist Schumpeter<sup>5</sup>. However, it is characteristic that the term ‘innovation’ did not have a fixed position in his comprehensive oeuvre either from the beginning or throughout. The basic elements of what was later called innovation by him and others already appear as ‘new combinations of production factors’ in an earlier book, disseminated both swiftly and effectively (Schumpeter 1911). In it, he describes five forms of such new ‘combinations’, four of which can be found 100 years later almost unchanged as categories for recording innovations in the so-called Oslo Manual, where the categories from the English edition of his work of 1911 (Schumpeter 1934) are quoted and form its basis (OECD/EUROSTAT 2005, 29).

Fig. 1: Comparison of the ‘new combinations’ according to Schumpeter and the basic categories (four main types) of ‘innovations’ according to the Oslo Manual currently in use

‘New combinations of production factors’ (Schumpeter 1911 and following publications):	Four (technical and non-technical) innovation types (OECD/EUROSTAT 2005, 29):
New or better products	Product innovations
New production methods	Process innovations
Opening up new markets	Marketing
New sources of raw materials	Organizational innovations
Reorganization of the market position	

Hence, innovation without a prefix mainly refers to new products or processes based on advanced technology or new combinations of technical components successfully employed in existing or new markets. In discussions and programmatic declarations on national, European and international levels, the greatest significance is attached to the acceleration and reinforcement – and also the continuous alteration – of innovation processes. Traditionally, innovation is regarded as the final product of the scientific generation of new knowledge and its economic application. Indeed, by deliberately promoting new developments in research, technology and innovation, modern society has considerably expanded the potentials for improving present and future living conditions. Currently, these developments are going further and creating new characteristics of innovations (cf. Rosted et al. 2009). On the one hand, new methods are being employed to increase the technological and economic development and effectiveness of innovations (*‘user-driven innovation’*, *‘open innovation’*, cf. Franke et al. 2006, Chesbrough et al. 2006; Reichwald et al. 2007), on the other, concepts are gaining in influence stating that the social dimensions of technical innovations should no longer be neglected, but the special qualities of social innovations also be taken into account (cf. Howaldt and Schwarz 2010).

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<sup>5</sup> By training and career, Schumpeter was an economist, however so ‘innovative’ as such because he thought and researched in an interdisciplinary manner – especially with reference to Sociology and Political Science – that an appreciation by prominent Harvard economists published shortly after his death portrayed him as being a ‘social scientist’ (cf. Harris 1951).

The breakthrough of the concept took place in the 1960s (Rogers 1962; Nelson and Phelps 1966). The concept and definition of innovation (as being different from the invention or idea through success and proliferation) were chiefly adopted by Schumpeter (1934), and the characterization of innovation as a process of 'creative destruction' is traced back to him (Schumpeter 1942). However, the originator himself by no means always used these concepts stringently and exactly in the same sense. Thus, Schumpeter turned the 'new combination of production factors' (1911) into 'innovations' in 1934, whilst he frequently wrote 'mutation' instead of innovation in 1942, and characterized the concept of 'creative destruction' as a feature of capitalism and not innovation.

*'The opening of new foreign or domestic markets and the organizational development of handicraft enterprises and factories into such concerns as U.S. Steel illustrate the same process of an industrial mutation – if I may use this biological expression – that constantly revolutionizes the economic structure from within, constantly destroys the old structure, constantly creating new ones. This process of 'creative destruction' is the significant fact for capitalism. Capitalism consists of it, and in it every capitalist structure must live.'* (Schumpeter 2005, 137f)

This much-quoted description of 'creative destruction' is a sign of always *necessary* change, for Schumpeter saw economic development processes as not being driven by the commonly assumed quest for equilibrium, but as characterized by inequality and instability. However much they themselves cause change by definition, innovations must be viewed as necessities of the modern economic and social system, through which it permanently puts itself in a position to face ongoing problems and new challenges.

Innovations are elements of the *modus vivendi* through which the economy and society ensure their *existence in flux*. Schumpeter himself came to the conclusion that even the basic system of economic activity is subject to major changes up to his assumed impossibility that capitalism could continue to exist: 'Can capitalism continue to exist? No, in my opinion not' (Schumpeter 2005, 105)<sup>6</sup>.

## **2. The expansion of the concept of innovation by social dimensions**

After a period of more than 60 years following the Second World War of the constant expansion and growing power of the capitalist system, globally and unchecked since the collapse of the Soviet Union in 1991 and the disappearance of the competition between the systems, it is not surprising that economic categories and expectations have *also* dominated the innovation discourse. But in the light of the rapidly increasing interest in social innovations in recent years, the development towards a post-industrial innovation paradigm is beginning to emerge (Howaldt and Jacobsen 2010). In such a new paradigm, social innovations as well as technological and economic innovations could be integratively comprehended as components of social change in a 'holistic' interpretation of innovation (Hochgerner 2009, 40).

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<sup>6</sup> At this point he adds that this is his opinion, but not a scientific diagnosis. For '[What] counts with any attempt at a social forecast is not the yes or no summarizing the facts and arguments leading to it, but these facts and arguments themselves. They contain everything that is scientific about the definitive result. Anything else is not science, but prophecy. Any analysis, be it economic or of a different nature will at any rate never be able to contain more than an establishment of the trends existing in an object of observation. These never tell us what will happen to the object, but only what would happen, if they continued to act as they acted in the period covered by our observation and if no other factors appeared'.

The social and economic changes of the 21<sup>st</sup> century pose further-reaching challenges going beyond the economic context to concepts, the implementation and analysis of innovations:

- a. In addition to technical and organizational innovations in the economy, social innovations beyond primarily economic guiding principles and their rationale are gaining increasing importance in research, the public and policy-making.
- b. In the scientific analysis and research of economically effective innovations – on the basis of indicators, scoreboards, evaluations and benchmarking - the social dimensions (range and outcomes of their effects) must be taken into account.
- c. Apart from the ‘classical’ innovations (products, processes, organization, marketing), new categories are required for objectives enabling new solutions to social issues (e.g. concerning societal development, cohesion or quality of life).
- d. Based on this, there is a need for a scientifically informed and empirically ascertainable development of indicators, scoreboards etc. for primarily social innovations with their own logics of action.
- e. The interactions between economic and social innovations must be researched in targeted fashion and the results integrated in the relevant fields of policy.

These demands of perspective should be read concretely as a medium-term work programme for further innovation research.

The general point (a) basically affects all stakeholders in scientific and practical innovation discourses. Table 1 illustrates that in recent years especially some elements have become visible of a development towards higher response to and treatment of the topic.

Objective (b) necessitates an opening of the mainstream of economy-oriented innovation research to social scientific studies on intended and non-intended outcomes of the implementation and dissemination of innovations. To this end, approaches from STS (‘Science-Technology-Society’) studies, practices and experiences from the field of technology assessment, evaluation research and associated methods can be adapted and employed.

Point (c) refers to a core area of theoretical work, through which the steps from general descriptions of the nature of social innovations to the definition of operable categories of social innovations should be taken. A suggestion for discussion will be made in the following.

Thereupon, the indicators increasingly being demanded in on-going discussions can be systematically developed, tested and empirically collected (d); and the different types of social, economic and technical innovations comparatively investigated as to form, development and effect (e).

‘Relevance’ should not be gauged exclusively by the respective reference system or the rationale of the economy, society or technology. Hence, on the one hand, it applies to all innovations (although economic and social innovations are different according to their objectives and logics of action) that they are socially relevant: they emerge under social conditions in different contexts, and they have social effects. On the other hand, social innovations, which do not aim primarily at economic objectives, may also result in economic effects. The contexts and interactions between different innovation processes are currently gaining in importance and will continue to do so in the future. The expanding sphere of ‘social innovation’ is internationally finding its way into policy-making, the economy and science. This can be seen both from the growing number of institutions researching and/or practically supporting social innovations and from political declarations of intent, conferences and documents taking up the topic (see following table).

**Table 1: Expanding capacities and increasing interest in social innovations since 2000<sup>7</sup>**

2000:	'Center for Social Innovation', Graduate School of Business, Stanford University, USA
2004:	'Centre for Social Innovation', social enterprise, Toronto, Canada
2005:	The 'Young Foundation', formed from the amalgamation of different organizations, founds 'SIX – Social Innovation Exchange', London
2005:	'Social Innovation Japan', NGO, Tokyo
2006:	'Netherlands Centre for Social Innovation', PPP (sponsors: ministries, industry), Rotterdam
2006:	'New Zealand Social Innovation Investment Group' (key group of philanthropists, grant-givers, and community leaders), and 'New Zealand Centre for Social Innovation' (Foundation), Auckland
2007:	'Social Innovation Generation' (SiG), Kitchener/Ont., Canada; <i>'a national collaboration addressing Canada's social and ecological challenges by creating a culture of continuous social innovation'</i>
2008:	DG Enterprise and Industry of the EC sets up a 'Business Panel on future EU innovation policy', which formulates the salient recommendation in its report (Vasconcelos et al. 2009, 1): <i>'We propose to base EU action around compelling social challenges, to finance venture and social innovation funds, to incentivise large scale community level innovations, to transform the public sector and to unlock the potential of new infrastructure and new types of partnerships.'</i>
2009:	Social innovation is approaching the mainstream and is pushed by leading international politicians. In the first week of his term of office, President Obama announces the setting up of an 'Office of Social Innovation' in the White House (and endows a corresponding fund with US\$ 50m); in Brussels, EC President Barroso declares <i>'The financial and economic crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable growth, secure jobs and boost competitiveness.'</i> (Press release IP/09/81, Jan. 20, 2009).
2009:	'Australian Centre for Social Innovation', state-financed, Adelaide
2010:	New Zealand: 'Social Innovation and Social Entrepreneurship Research Centre' at the Massey University Palmerston North – Auckland – Wellington
2010:	Waterloo Institute for Social Innovation and Resilience (WISIR), institute of Waterloo University Waterloo, Canada
2010:	'Empowering people, driving change: Social innovation in the European Union'; a report written by Agnès Hubert et al. from the Bureau of European Policy Advisers ('BEPA-Report'), recommends policy options for social innovations and actions at EU-level addressing social demands, societal challenges, and the need to reform society at large <a href="http://ec.europa.eu/bepa/pdf/publications_pdf/social_innovation.pdf">http://ec.europa.eu/bepa/pdf/publications_pdf/social_innovation.pdf</a>

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<sup>7</sup> Indicative list; antecedents prior to 2000 were: 1970 ff: publications by Stuart Conger on 'Social Inventions' (new 2009); 1985: Institute for Social Inventions, London; 1986: establishment of the Centre de recherche sur les innovations sociales (CRISES), University of Quebec/Montreal); 1990: Foundation of the Zentrum für Soziale Innovation (ZSI), Vienna; 1994: Foundation of Soziale Innovation GmbH, Dortmund.

2010: Social Innovation is taken up as a field of research in the 2011 Work Programme in the Thematic Programme Social Sciences and Humanities of the 7<sup>th</sup> Framework Programme for RTD; following a public call for tenders, DG Enterprise places an order 'Social innovation pilot initiative'. In the 'Europe 2020 Flagship Initiative: Innovation Union', published on 6 October 2010, very great importance is attached to social innovations: '*Social innovation is an important field which should be nurtured. It is about tapping into the ingenuity of charities, associations and social entrepreneurs to find new ways of meeting social needs which are not adequately met by the market or the public sector.*' (European Commission 2010, 21)

Page 22 specifies the objectives and measures:

*'The Commission will launch a European Social Innovation Pilot [...] It will provide social innovation through the European Social Fund (ESF) [...] Social Innovation should become a mainstream focus in [...] European Social Fund programmes'*

2011: '*The Commission will support a substantial research programme on public sector and social innovation ... it will pilot a European Public Sector Innovation Scoreboard.*'

### 3. Categories for determining social innovations

Up to now, 'Social innovations have hardly been thematized and analyzed [...] as an independent phenomenon [...] in social scientific innovation research, which is heavily focused on the social prerequisites, consequences and processes in the context of technical innovations. Here, social innovations are not so much used as a specifically defined concept with its own and delimitable field, but rather as a descriptive metaphor in the context of phenomena of social and technological change'. (translated from Howaldt and Schwarz 2010, 88)

For this reason, it can and must be established that, notwithstanding the popular boom of the topic and the increasingly recognized relevance of social innovations, the foundations of sustainable and productive scientific analysis have partly still to be created, at any rate standardized, to the extent that approaches are available<sup>8</sup>. To this end, two central elements of such a foundation will be presented for discussion here: first, a general definition of social innovations, the core of which is the idea of changed social practice; second, an action theoretically derived concept of operable categories for recording, describing and analyzing different types of social innovations.

'Social innovations are new concepts and measures for solving social challenges that are accepted and utilized by social groups affected.' (ZSI 2008, 2) This definition differentiates between idea, intervention and implementation. Ideas (inventiveness and creativity) underlie concepts and measures proposed, which, after targeted intervention (as a response to social challenges), and successful implementation, become innovations. Social innovations are not solely determined by the potential of an idea, but also by whether and to what extent the potentials of an idea are realized. It depends on whether the 'invention' yields benefit to target groups and thus 'in the process of implementation and dissemination a social idea mutates into a social innovation'. (ZSI 2010, 7)

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<sup>8</sup> "Social innovation' is a term that almost everyone likes, but nobody is quite sure of what it means.' Pol und Ville 2009, 881.

*'Hence, focus is placed simultaneously on the range of social innovations. That also implies that society as a whole must not be convinced of the benefit of a new practice. Innovation, both technological and social, must not be regarded as beneficial by all. It remains controversial, and has nothing whatever to do with good or evil. The focus is directed at interests and viewpoints.*

*This implicitly also says that social innovations have to assert themselves against other social practices. [...] So they assert themselves in competition with other existing approaches and are also modified in the course of this process of assertion.'* (translated from Franz 2010, 338)

Under the conditions of globalization, innovations of all kinds affect larger and larger sections of society. They shape not only processes and trends in Civil Society, but also in public administration, in political institutions, in the economy, and in the professional associations of the social partners. The behaviour of individuals in small groups can be affected (*micro level* of society) just as much as e.g. organizational development in enterprises, the structuring of teaching and learning forms in education and various societal institutions (*meso level*), or structurally effective regulations in the social constitution (social legislation, pension, health care and taxation systems etc. at the *macro level*)<sup>9</sup>.

The intention, testing, implementation and dissemination of a new social practice enforceable against others lead, as an innovation, to deviations from the 'routine current of reproducing stereotyped practices' (Reckwitz 2003, 294). The features of innovations in general and of social innovations as defined here can be observed in the actions and behaviour of individuals, groups and in social relations and institutions, and are hence accessible to empirical research. Theoretical approaches are offered by the concept of social action by Max Weber (1922) and the analysis of action systems based on it by Talcott Parsons (1951, 1976). At the centre of Weber's theory of social action stands the subjectively meant 'meaning' of action, i.e. the intention, aim and purpose of an intervention and the reference of this action to or orientation according to 'others' (persons, groups, institutions, the social environment): 'Social action' [...] intends to refer to such actions that in terms of the actor or actors relate to the behaviour of *others* and take their bearings from it'. (Weber 2005, 3)

Whenever social innovations manifest themselves in social practices, in the diction of action theory, it follows that they either lead to new forms of social action or presuppose new social action. At any rate, social innovations are expressed in a new definition (dimension or direction) of what constitutes the meaning of action and its relation to others (to the social environment). Social action in families, school classes, working groups, and also in large social systems (administrative entities, states, major concerns etc.), is determined by given roles and functions. On the other hand, a recasting of these very roles and functions can change the social systems themselves, under circumstances affecting general processes of social change. The latter depends on the form and 'range' of concrete innovations.

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<sup>9</sup> These three levels are clearly identified and make up a topical line of arguments and analysis in the so-called 'BEPA-Report' (2010), where 'three complimentary approaches to the social dimension of social innovation' are presented (26ff.): "The social demand perspective"; "The societal challenge perspective"; and "The systemic changes perspective". [http://ec.europa.eu/bepa/pdf/publications\\_pdf/social\\_innovation.pdf](http://ec.europa.eu/bepa/pdf/publications_pdf/social_innovation.pdf) (Status Oct. 26, 2010)

It seems necessary here to refer to the differences between incremental innovations and improvement innovations, between the 'unobtrusiveness of social innovations' (Aderhold 2010) and 'basic innovations' relevant to many people affected or stakeholders:

The evolution of *'human beings [...] repeatedly shows forks and sprouting branches. A fork stands for the opening of a new path, a new work method [...]. I term such a change in direction from the previously customary practice a basic innovation. Technological basic innovations create new trades or branches of industry, non-technological basic innovations open up new fields of activity in the sphere of culture, in public administration and in social services etc. Basic innovations create new terrain for human activity'*. (translated from Mensch 1977, 56 f)

So as to make the entire spectrum of social innovations accessible to scientific analysis, both small-scale changes (affecting individuals) and large-scale ones (affecting social structures) must be defined in categories as well as the *processes of different ranges in all functional systems of society*. Suitable is a slightly adapted recourse to some of the elements of Parsons' structural function theory (1976). This is despite, or perhaps even because this theory of social systems understands *function* to be 'the effect of a social component making a contribution towards realizing a specific system status and maintaining and integrating a social system'. (Hurrelmann 1990, 41)

So it is a question of contributions towards *stabilizing* systems, albeit also involving certain adaptations. 'Stability' can be achieved by safeguarding the status quo *or* by change, although change can also lead to instability up to complete system collapse and the demolition of old and building up of new systems. In these processes, which often occur in parallel in society, innovations have a special significance. As was already explained in Schumpeter's innovation theory (2005, 134 ff), they guarantee the survival of enterprises (maintenance of stability), but keep the more comprehensive process of 'creative destruction' in motion (dynamics of change).

*All innovations are socially relevant*, both those with objectives and rationality criteria to change economic parameters and those with social intentions and effects in the field of social practices. But this also implies that, irrespective of what kind of innovation is to be developed, realized or examined, the meanings and effects of innovations do not remain restricted to the respectively evident functional system: technological and economic innovations affect or change not only the functional system of the 'economy', but also the other major functional systems dealt with by Parsons (1976), i.e. 'politics', 'law' and 'culture'. It equally applies that social innovations by no means exert an influence only on *culture* or *politics*, but also on the functional systems of *law* and the *economy*. Within these systems, the functional area of 'integration'<sup>10</sup> has major importance for maintaining the system, but at the same time also for change.

According to Parsons (1976, 179 ff), four *structural categories* come together in all social systems, i.e. 'role', 'collective', 'norms' and 'values'. *Roles* refer to the personal assignment or assumption of assignments; here, the *collective* stands for social relations abstracting from personal attributes; *norms* are rules of the most varied kinds (from house rules to laws and international agreements); *values* express general patterns of desirable modes of behaviour and attitudes which usually have the character of orientation, but to a certain extent also normative significance. These structural

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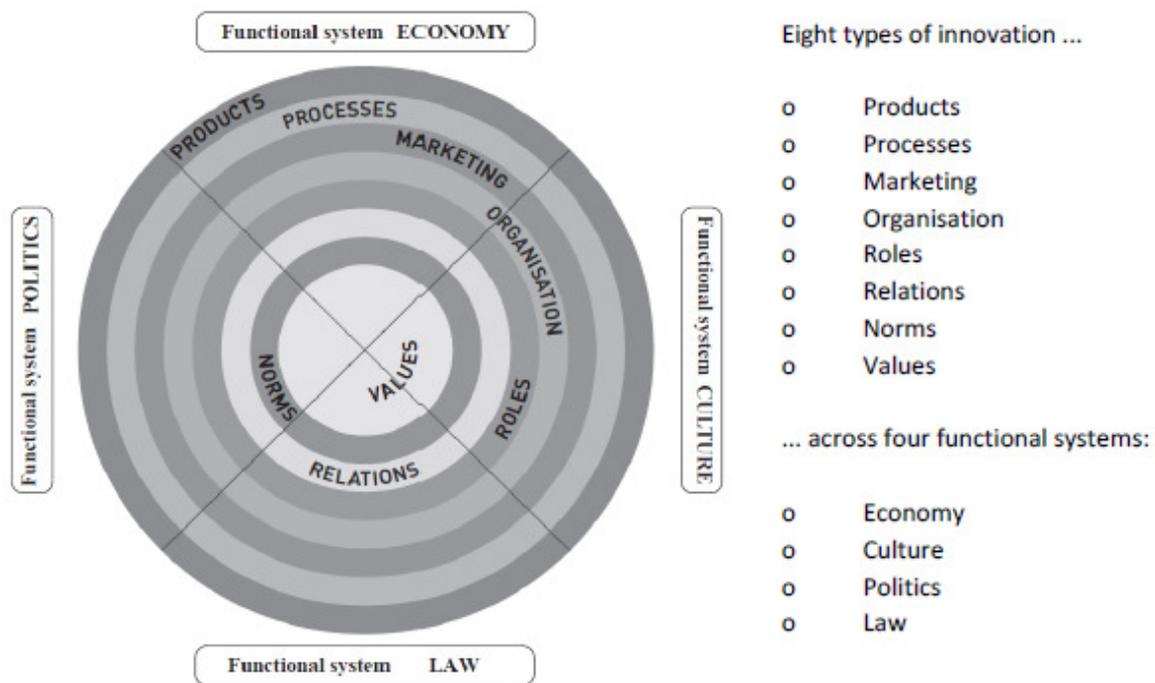
<sup>10</sup> Parsons (1976) describes 'four necessary basic functions' (Morel et al. 1993, 157) as components of action systems he summarizes in the so-called 'AGIL Scheme': adaptation, goal attainment, integration and latency.

categories contained and linked in social systems, from the roles of individuals to fundamental values in society, can be used to identify or designate different *types of social innovations*. The comprehensive typology of innovations, which has hitherto only covered *products, processes, marketing* and *organization*, and exclusively in the sector of the economy, would then include *roles, relations*<sup>11</sup>, *norms* and *values* as categories of social innovations.<sup>12</sup>

Such an enlarged typology of innovations goes beyond the sector of the economy: it can also make innovations in the state (in public administration, regional bodies etc.) and in Civil Society (the so-called 'Third Sector') the objects of empirical research. Of course, the technical and non-technical economic innovations are and remain of salient significance for the functional area of the economy, just as innovations in the form of values must primarily be situated in the functional area of culture.

A possibility of representing innovations of different kinds in relation to one another and in Parsons' functional systems is a circular chart (Fig. 1), in which innovations are arranged from outside to inside according to the degree of their plasticity (speed or effort for assertion and dissemination). The sequence goes from outside, the material environment of society or the most quickly changeable 'surface' of social systems<sup>13</sup>, to the inside, to the structural categories most difficult to change and relatively more resistant to innovations.

**Fig. 2: Types of innovations in social functional systems**



Source: Authors chart, 2011

<sup>11</sup> Instead of Parsons' structural category 'collective', I here choose the concept of 'relations', for Parsons (1976, 181) is also primarily concerned with interactions (based on expectations, achievements, rights and duties) that become effective in a collective.

<sup>12</sup> This categorization also proceeds from the premise that (like 'technical/non-technical' in the case of economic innovations) formal and informal variants can be differentiated in the case of social innovations.

<sup>13</sup> 'The material environment of human life [...] forms a relatively unsteady foundation [...] for social conditions. But in the weakness of this structure lie its meanings: if it bursts, a lot is at stake; to prevent this, [...] long-term, more stable elements help to shape social conditions.' (Hochgerner 1986, 63)

The representation in Fig. 2 illustrates that different innovations not only interact with one another, but may also basically occur and operate in all social functional systems. Concrete investigations in enlarged surveys – in comparison with the categories and recording set of the Oslo Manual – will show that, depending on the orientation and action logic, individual types occur more or less frequently and form clusters, so to speak. Such next steps might produce results that not only might verify, concretize or amend the typology proposed, but also possibly make attitudes to innovations, their perception and dynamic processes in innovation systems (cf. Nelson 1993, Freeman 1995, Blättel-Mink and Ebner 2009) appear in a new light.

The proposed categories of innovations are intended to help analyze the influences and interactions between new elements of social practice, the objectives of novelties, their functions and effects in empirical research. Werner Rammert's approach seems fruitful here, who suggests 'differentiating between relation and reference in a two-stage innovation concept' (Rammert 2010, 45). *Relations* concern the temporal, factual and social difference of what is new as against 'normality'. From these deviations, in Rammert's opinion, only through the 'process of social selection' and the *references* it introduces (e.g. in the form of social rationales, dimensions of use, objectives, interests) do novelties become *social innovations* that can be differentiated from the economic rationale of 'classical' innovations and from unintended social change:

*'This relationally referential innovation concept opens up the research perspective from a narrower innovation-economic research programme. The economic references lose their monopoly, as they are joined by other social references and investigations of innovations become possible in art, religion, science, politics and many other fields according to their own performance criteria.'* (Rammert 2010, 46)

Theoretical considerations and definitions of this kind are necessary to prepare the ground scientifically for innovation research of the future to be placed in a position to record, comprehend and evaluate the activities to meet the so-called 'Grand Challenges'<sup>14</sup> and innovations emerging in this context. This places great demands on interdisciplinary and transdisciplinary research in the Social and Economic Sciences and on their ability not only to develop adequate methods and research programmes, but also to reflect on their relation to social practice and deliberately to utilize their own organizational competences.

#### **4. Future prospects: social innovations for the 21<sup>st</sup> century**

At present and in the time to come, apart from technical and economic innovations, a multiplicity of minor and major social innovations up to basic social innovations will become indispensable. Otherwise, peace and development – in keeping with the standards of industrial potentials – would be extremely at risk in a world society of eight to ten billion people in the light of problems such as climate change and the growing gap between the rich and the poor.

*'The most urgent and important innovation advance in the 21<sup>st</sup> century will take place in the social field. Technical innovations will continue, of course, and bring about a materially and immaterially utterly changed environment and new living conditions in comparison with*

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<sup>14</sup> Above all population development, poverty, climate, the environment and energy; see also Millennium Development Goals <http://www.un.org/millenniumgoals> (status: 26 October 2010)

*previous possibilities; but the social innovations will be those that the inhabitants of this world must first produce or ensure.'* (Hochgerner 1999, 37)

With reference to these challenges and Polanyi's diagnosis of society as an appendix to the economy, the most urgent basic innovation of the 21<sup>st</sup> century can be formulated as the *re-integration of the economy in society*.<sup>15</sup>

To this end and to begin with, economic indicators (serving the purpose of deriving and justifying economic, labour-market and social political measures) must in future measure *not only productivity, but above all prosperity*. There are important approaches to this, to the systematization of which the commission of Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi (Commission on the Measurement of Economic Performance and Social Progress) has already made important contributions since 2009.<sup>16</sup> Secondly, apart from eliminating shortages (in terms of satisfying real needs), it is high time to establish strategies for *surplus management* ('management of abundance') as an equally salient task of the economy and economic policy (instead of continuing to push surplus economy next to social deficit administration).

This initially necessitates a 'state that is in the position effectively to supervise and sustainably to tax the profits skimmed off on money markets' (Bourdieu 1998, 119), preferential treatment of the production and services sectors over critical sections of the financial sector<sup>17</sup>, special funds for a global Marshall Plan<sup>18</sup> and a ban on speculation with foodstuffs. In the EU, such and further measures could be clustered in a *New Deal for Europe* (Schulmeister 2010).

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<sup>15</sup> The fact that the 'economy' need not be conceived of as being external to society is shown, for instance, by Parsons' (1976) theoretical concept, used in this article to form categories, which describes the economy as *one of four social functional systems*.

<sup>16</sup> 'While many of our measures are directed at ascertaining short-run movements in the level of market activity, the Commission considers that the time has come to make a clear move from measuring production to measuring welfare, to try to close the gap between our measures of economic performance and widespread perceptions of well-being.' Stiglitz, Sen und Fitoussi: *The Measurement of Economic Performance and Social Progress Revisited. Reflections and Overview*, 63. [www.stiglitz-sen-fitoussi.fr](http://www.stiglitz-sen-fitoussi.fr) (status: 26 October 2010)

<sup>17</sup> Cf. 'Die Entgrenzung des Finanzsektors – das Problem hinter den Problemen', Radermacher 2010, 70 ff.

<sup>18</sup> [www.globalmarshallplan.org](http://www.globalmarshallplan.org)

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