

If social innovation is the answer, what was the question? Social innovation, inequality and the new public work

The very underpinnings of our society and institutions – from how we work to how we create value, govern, trade, learn, and innovate – are being profoundly reshaped by amplified individuals. We are indeed all migrating to a new land and should be looking at the new landscape emerging before us like immigrants: ready to learn a new language, a new way of doing things, anticipating new beginnings with a sense of excitement, if also with a bit of understandable trepidation.

Marina Gorbis *The nature of the future: dispatches from the socialstructured world* Free Press, 2013

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1	Introduction	3
2	The argument	4
3	The context	8
4	Inequality	9
5	Web without a spider: the literacy of networks	11
6	Amplified individuals and the nature of the future	16
7	Social innovation	19
8	Disruptive innovation	28
9	The new public work	37
10	Disruptive social innovation, inequality and the new public work	40
	Appendix 1 Shifts and trends	44
	• Megatrends	46
	• Design, digital and data	47
	• Cities and regions	48
	• Institutions	49
	• Government and governing	50
	• Future of capitalism	53
	• Nature of knowledge	53
	Appendix 2 An Idiot's Guide to Inequality	52
	Appendix 3 The cathedral and the bazaar: prefiguring the new public work	54

1 Introduction

This report was commissioned by The Young Foundation to review the emergence of social innovation as an idea and as a practice and to consider its promise and potential.

The paper looks at some of what has been said and written in recent times about social innovation, and about innovation more generally, in the context especially of the Foundation's renewed strategic focus on tackling the structural causes of inequality.

The paper is not an academic research project or an attempt to provide a comprehensive review of the evolution of social innovation. Some of that work has already been done through the TEPSIE project a couple of years ago.¹

The purpose here is to advance an argument about social innovation which, in turn, is designed to prompt debate and (inevitably) contest in answer to a very basic question – why are we talking about social innovation in the first place, and why now? More particularly, what does social innovation bring to the task of tackling the structural causes of inequality, as well as a raft of other complex social challenges impacting the quality of the lives we lead as individuals and in common?

Even more basically, what does social innovation bring to the larger task of renewing existing, and in some cases inventing new, models and methods of policy and public governance? These two sets of questions are closely linked.

In essence, the argument is that many of the instincts, values, tools and practices of social innovation, both incremental and disruptive, are indispensable to the ambition to reduce or remove the structural causes of inequality and to tackle a range of associated social challenges.

The argument also claims that the social innovation project needs to construe its mission and mandate in large and ambitious terms, seeking to go out from its base in civil society to purposefully engage with government and business as well as the not-for-profit and the entrepreneurial and innovation sectors, to change systems and structures by solving problems.

Failure to step up to that larger ambition risks undermining its aspirations for change and influence and being relegated to a place on the permanent periphery.

The challenge is to avoid a perception, much less the reality, that social innovation is a largely closed shop, consumed by an essentially self-referential conversation amongst a few, that merely embroiders the larger fabric of policy and reform.

Social innovation, and its peculiar mix of culture, tools and techniques, is at the heart of the “new public work”, which is building trust and legitimacy back into the policy, investment and execution tools and practices on which we can draw to tackle the risks and opportunities that impact our lives in common.

It is as well to remember that the whole notion of innovation hasn't always been especially well regarded, at least in earlier period. In her critique of the Christensen disruptive innovation framework, which will be dealt with in more detail later, historian Jill Lepore noted that the word “innovate”—to make new—used to have chiefly negative connotations: it signified excessive novelty, without purpose or end.

Edmund Burke, she recalls, described the French Revolution as a “revolt of innovation”; Federalists declared themselves to be “enemies to innovation.” George Washington, on his deathbed, apparently uttered a warning to

¹ The theoretical, empirical and policy foundations for building social innovation in Europe (TEPSIE), European Commission – 7th Framework Programme, Brussels: European Commission, DG Research

“beware of innovation in politics.” Webster’s 1828 edition warned, “it is often dangerous to innovate on the customs of a nation.”²

Picking up that sentiment, it is as well to call out one major risk in this discussion right from the start.

For some critics, social innovation is too often touted as a simple and singular answer as if, alone, its culture and practice fixes the unfixable, resolves deep contests of values and makes the complex simple. In fact, the task is to use all of these tools, including technology, research and policy, without assuming that any or all of them will strip out of the business of governing the irreducibly ideological contest of visions between “different and often incompatible visions of communal living”³

Social innovation can do things big structural and policy reforms can’t, but which need to be connected into, and mixed with, the wider set of policy reforms, deep expert analysis and research from the combination of which major change emerges.

2 The argument

A combination of economic, social, political and especially technology changes and trends over the past few years has given rise to a couple of big questions.

- How can we tackle a series of increasingly complex and interconnected, and often highly contested, social and economic challenges, including the structural causes of inequality?
- How do we renovate, renew and possibly invent the necessary tools, practices and culture of governance and action, and restore the stocks of trust and legitimacy on which they rely, which are going to be necessary to answer the first question?

These two questions – how to tackle big, complex social problems, including inequality, and how to create the requisite governance capability – are two of the biggest public challenges we face. On the latter, the depth and urgency of the challenge is reinforced by these kinds of insights from those who once occupied the traditional policy and government positions of power:

But this raises the question of what happens with the mosaic of faith shatters into a thousand, a million jagged pieces. When the quest for common good devolves into bespoke kindness designed to advance a particular person. Or when citizens forsake all the news that’s fit to print for only the news they want to hear. All of these amount to a challenge to efforts at collective action. And from climate change to rising inequality, the enormous challenges that we face demand collective action and a new shared way of thinking about the accretion and use of power.⁴

Responding to both questions requires, in part, traditional qualities of effective public leadership and the best work of the formal structures of government and the public sector. In that sense, the “new” implies the best of the “old” public work, although inevitably reformed and sometimes transformed in its own right.

But, reformed or not, that is not enough.

² <http://www.newyorker.com/magazine/2014/06/23/the-disruption-machine>

³ <http://www.theguardian.com/technology/2014/jul/20/rise-of-data-death-of-politics-evgeny-morozov-algorithmic-regulation>

⁴ *The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being In Charge Isn’t What It Used to Be* Moises Naim, Basic Books, 2013 p216

The kind of work that now needs to be done to respond effectively to these two big questions goes well beyond, but will rely centrally on, both effective public leadership and the work of the public sector.

There are three other pieces of the puzzle that are necessary to undertake the new public work.

One piece is well designed, and well functioning markets.

Capitalism and free markets, at their best, are a critical part of the solution, to the extent they create and share wealth, move people at unprecedented scale out of poverty and into economic opportunity and tap into deep, highly dispersed and eclectic sources of imagination, creativity and spontaneous collective action.

The problem is that capitalism and free markets are not always well designed or well-functioning. Capitalism harbours instincts of predation and destruction as well as astonishing powers of creativity.⁵ The way in which resources and opportunities within capitalism and across the market system are distributed is often highly dysfunctional, creating deep structures of inequality that are not only unfair and limiting for the people and communities who are affected, but which render the entire system less effective and efficient.

The extent to which capitalism works over the long run to even out at least some of those disparities, and how to use a range of policy tools and interventions of “predistribution” and redistribution to do something about inequality, are all open and urgent questions.

The second additional piece of the new public work puzzle is people themselves.

Largely by virtue of access to new technology-mediated tools of agency and self-organisation, people are now more capable than ever of not just giving voice to their needs, values and aspirations, but of creating powerful platforms that can turn many of those aspirations into action. This happens in and with civil society, whose own structures and methods are being changed, and sometimes subverted, by new forms of association and collaboration.

The rise of “amplified individuals” has been one of the most important trends of the past 25 years, driven by the inexorable spread of the Internet and the associated shrinking and connecting effect of waves of technology innovation that have made it easier than ever to connect, communicate and collaborate.

No solutions to the two big questions at the heart of the new public work, even those that involve big policy interventions and the work of the most arcane elements of structural reform, can be sustained, without engaging the energy, motivation and collective influence of the rising crowd of amplified individuals.

The third, and final, additional piece of the puzzle is the new literacy of networks.

Networks, especially the complex and highly resilient distributed networking that forms the core of the Internet, are in many ways the architecture of life. They manifest themselves at pretty much every level – natural, social, political and economic.

One of the most subversive implications of the prevalence, and spreading influence, of networks is the way in which they disrupt notions of centre and edge and, in the process, disrupt old notions of hierarchy and leadership.

It's not that there aren't bigger and smaller nodes or more powerful and less powerful connections across any network. Networks rarely represent a collection of perfectly balanced and equal nodes. And it's certainly not true that networks manage themselves or run without leadership and persistent contests over power, influence and authority.

⁵ *The Locust and the Bee: Predators and Creators in Capitalism's Future*, Geoff Mulgan, Princeton University Press, 2013

But the location and spread of power in and across networks is different to the way power is distributed in a hierarchy. And networks belie simple or easily visible patterns of control.

No one seems to be in charge, which is largely because lots of different people are in charge and, further, being in charge is largely about earned reputation and influence, not position and command. In some measure, the network is self-organising according to an immanent structure of meaning and value. Part of the new literacy of networks, therefore, is about learning how to live in a “web without a spider”.

How you read networks, and the extent to which you learn to navigate their connections, is turning out to be one of the most important qualities to solve problems and realize opportunities in a world now inescapably defined by its connectedness.

The new literacy of networks is both a piece of the puzzle in its own right and a force for disruption across the other three pieces, and indeed across the whole puzzle of the new public work.

These four pieces – traditional public leadership and an effective public sector, well designed and well functioning markets, amplified individuals and the new literacy of networks – come together to form the puzzle of the new public work.

So what has social innovation, especially disruptive social innovation, got to do with the new public work?

The simple answer is that many of the tools, practices and attributes of disruptive social innovation, whose basic mandate is to change systems by solving problems, turn out to be the same tools, practices and attributes needed to undertake many of the tasks and projects of the new public work.

In large measure, the new public work turns out to be social innovation working at another level, contributing its ideas and instincts to respond to the two big questions – how to deal with complex and contested social challenges and how to renovate and invent methods and practices of public governance to do that work, infused by new sources of trust and legitimacy.

So the first part of the argument is that social innovation and the new public work are inextricably linked. Social innovation's best instincts and practices are, or need to become, the best instincts and practices of the new public work.

But there is a second part of the argument, which speaks to the question of social innovation's potential and promise.

Social innovation will not survive as a distinct idea or a practice unless it attaches itself to a larger vision of its mandate and potential.

That is not to suggest that social innovation isn't already useful as a way of taking new approaches to contested and difficult social problems and coming up with viable and sustainable solutions.

But its real value is the way in which it turns problem solving into system change, so that problems solved provide an effective beachhead from which to progressively change underlying structures, culture and practices. The idea is to fix problems and make sure they don't recur, or at least to make sure they diminish in their intensity and impact. In a very real and practical sense, social innovation has to go out into the world to engage its many dimensions – corporate, social, economic, and public – in order to change them for the better.

The new public work provides a way to frame social innovation's mandate and to give it powerful and practical effect. In many respects, and at its most ambitious, social innovation IS the new public work. Social innovation provides the new public work with many of the tools, techniques and practices that it

routinely uses in its own work. In many ways, social innovation done well is the new public work at work.

For some, social innovation, whether incremental or disruptive, is largely irrelevant to the bigger institutional and structural causes of many of the problems to which it tries to address its tools and methods.

According to this view, there is a persistent mismatch between the scope structure of the “wicked” social challenges we want to solve, including inequality, and the lack of matching scale in many of the promising, but essentially small and disconnected outbreaks of innovation that can make a difference locally, but rarely threaten underlying systems and structures.

For others, a continuing reliance on big structural responses to solve these complex problems, driven by large institutional investments in policy and legislation, misses a couple of important points.

One is the persistence, and in some cases steady deterioration, of the problems themselves, in the face of which many of the large-scale, structural efforts seem to be less and less effective. Indeed, some of these big systems and elite institutions have caused, and sustain, some of the problems social innovators are trying to solve. In business, disruptive innovation is a necessary response to the complacency of the incumbents. It is the same for disruptive social innovation.

But the other point speaks to a deeper trend.

According to this view, a combination of cultural, social, political and especially technology trends is empowering networks of innovators, citizens, entrepreneurs and, it has to be said, some larger institutions as well, to start changing systems by solving problems with and by people and communities themselves.

More importantly, these rapidly forming networks of innovators and investors are busy creating new capabilities for self-organised, networked knowledge and collective action, which in turn is growing new capabilities for large-scale change and reform.

What is the requisite relationship between these two schools of thought and practice? How can those who continue to invest their faith in pulling the big levers of policy and large scale structural reform get to hear and see the consequences of their actions and learn from those who are busy experimenting with new ways to make a difference to the same problems, but closer to the ground and, in the process, shaping new practice?

By the same token, how can entrepreneurs and social innovators make common cause with the bigger systems and institutions they are often seeking to disrupt, but which set the context for the problems they are trying to solve? In the process, how can new connections form between institutions and innovators that match breakthrough innovation with impact at scale?

Social innovation’s future value and significance are a function of its capacity to change systems and structures, for sure, but by solving solve problems with and by people and communities. Its promise is to engage the logic of disruption to test and change existing institutions and structures and, sometimes, to invent new ones.

3 The context

Social innovation’s promise and potential are being forged by a context of economic, social, technology and political trends whose cumulative impact is

reshaping capitalism, redefining the agency of individuals, inventing new forms of collaboration for shared purpose and questioning the role and performance of many of the big, settled institutions of government, business and civil society.

Many of the trends are well known and often rehearsed – shifting demographics, resource risks and depletion, the rising role of cities, uncertain and fragile geopolitical conditions, income and opportunity inequalities, a shift in economic gravity broadly “east” and “south” and, washing through them all, the rise and rise of the digital revolution.

In the process, some big questions are being asked about some very big challenges.

What is the best way to secure a world in which war, terrorism, formal and informal migration, access to basic resources like clean water, clean air and affordable energy are all looming as big challenges in their own right but which increasingly intersect in new patterns of disruption and risk? How does the evidence of rising inequality and widening gaps in income and wealth translate into effective political and economic action?

What is the right response to the insistent evidence of climate change and the complex demands of sustainability and resource security? How do governments and communities respond to the rising role of cities as the new crucible within which questions of economic opportunity and social sustainability are being forged? The geography of pretty much everything – jobs, opportunities, risks and sustainability – is inevitably redrawn when 300 of the world’s largest metro economies contain 20% of the world’s population and account for nearly 50% of global GDP.⁶

Some common themes emerge from many of the studies of these trends and global shifts:

- The rise of a cluster of complex social, economic and environmental challenges whose individual and collective impact require significant investment in research, analysis, effective governance and pragmatic execution that go well beyond a reliance on any single sector.
- The growing salience of the connectedness of things and people and ideas and actions, largely, but not only fuelled by the next phase of digital evolution in the “industrial” Internet or the “Internet of everything”.⁷

This is increasingly a world being defined by data, or more particularly, how to make sense and meaning from virtually limitless quantities of data in a world where, very often, “the smartest person in the room is the room.”⁸

- The importance of attending to the architecture of democracy and public governance, which has to combine better ways to engage the long term, a better mix of good planning and effective execution and the new rules of networks and collaboration as the only viable basis on which to make any progress on the big challenges of an irremediably connected age.

A more detailed review of many of these trends is provided at [Appendix 1](#).

What will be the new forms of public purpose governance forged by, and capable of responding to, these big trends and challenges? In all likelihood, a model of governing will emerge that:

⁶ <http://www.brookings.edu/research/articles/2013/10/29-metropolitan-revolution-europe-bradley-katz>

⁷ <http://www.ge.com/stories/industrial-internet>;
<http://www.cisco.com/web/about/ac79/innov/loE.html>

⁸ *Too Big to Know: Rethinking Knowledge Now That the Facts Aren't the Facts, Experts Are Everywhere, and the Smartest Person in the Room Is the Room* David Weinberger, Basic Books, 2012

- Will be less transactional and more relational,
- Accepts a continuing, but changing role for government as a catalyst and crucible of innovation
- Gets better at orchestrating and motivating complex coalitions for complex change
- Takes head-on the “end of power” to garner the currency of trust and legitimacy for success in a digital world of speed, complexity and transparency?

Responding to these risks and opportunities is the task of the new public work.

It is partly about an agenda of things to be done, problems to be fixed and opportunities to be realized. It is partly about renovating or inventing governance and execution machinery capable of doing the work, which itself has to be a judicious blend of the best of the old and some powerful “best of the new” tools, methods and institutions that are fit for the job. And it has to build deep into its operating system the instincts, habits and practices of the network.

It is as part of that puzzle of the new public work that social innovation has to prove it is an indispensable piece.

4 Inequality

The well-known battle lines of the inequality debate can be quickly rehearsed.

According, preeminently at the moment, to Thomas Piketty, capitalism’s innate capacity to create and exacerbate inequalities of income, opportunity and reward is being rediscovered after an unusual war and post-war period of public investment and action, which have artificially suppressed those instincts for the past 70 years.

Economic and financial crises have rendered much of the capacity of public action much less effective in the face of capitalism’s unstoppable engine of inherently unequal wealth and opportunity creation.

Piketty’s case emerges early and clearly:

When the rate of return on capital exceeds the rate of growth of output and income, as it did in the nineteenth century and seems quite likely to do again in the twenty-first, capitalism automatically generates arbitrary and unsustainable inequalities that radically undermine the meritocratic values on which democratic societies are based.⁹

His argument, though, is that are ways democracy can regain control over capitalism and “ensure that the general interest takes precedence over private interests, while preserving economic openness and avoiding protectionist and nationalist reactions”.

The result is the emergence of patterns of wealth distribution which are increasingly skewed to favour a smaller and smaller elite of people, often at the expense of large numbers of people who are facing fewer and fewer opportunities to succeed economically, financially and socially.

The classless society would be one which both possessed and acted upon plural values. Were we to evaluate people, not only according to their intelligence and their education, their occupation and their power, but according to the kindness and their courage, their imagination and their sensitivity, their sympathy and generosity, there could be no classes. Who would be able to say the scientist was superior to the porter with admirable qualities as a father, the civil servant with unusual skill at gaining prizes to the lorry driver with unusual skill at growing roses?

The classless society would also be the tolerant society, in which individual differences were actively encouraged as we all passively tolerated, in which full meaning was at last given to the dignity of man. Every human being would then have equal opportunity, not to rise up in the world in the light of any mathematical measure, but to develop his own special capacities for leading a rich life

Rise of the Meritocracy Michael Young, 1958

⁹ *Capital in the 21st Century*, Thomas Piketty, Belknap Press, 2014 p1

⁹ If social innovation is the answer FINAL December 2014

Those rising disparities, in turn, are already causing political and social tensions and obvious signs of upheaval and protest. Those can only be expected to get worse in the face of the unstoppable logic of inequality deep in capitalism's DNA. Inequality hurts people, diminishes communities, tears at the social fabric and makes the overall system inefficient. It's bad for people, and bad for the system.

Piketty dismisses the "conventional but lazy rhetoric of anticapitalism, some of which simply ignored the historic failure of Communism and much of which turns its back on the intellectual means necessary to push beyond it."

Inequality, he suggests, "is not necessarily bad in itself: the key question is to decide whether it is justified, whether there are reasons for it (p19). Social inequalities, he explains, are not in themselves a problem as long as they are 'founded only upon common utility' as article 1 of the 1789 Declaration of the Rights of Man and the Citizen proclaims." (p31)

What he is interested in is how to organise society, including the most appropriate institutions and policies, to achieve a "just social order".

Piketty notes, "...the history of income and wealth is always deeply political, chaotic and unpredictable" (35). And he also notes that not everyone believes that inequality is the problem that he sets out to demonstrate. He quotes Charles Dunoyer from a book published in 1845, who wrote about "natural inequality."

For Dunoyer, natural inequalities include differences in physical, intellectual, and moral capabilities, differences that were crucial to the new economy of growth and innovation that he saw wherever he looked. That was why he rejected state intervention of any kind, Piketty explains, because "superior abilities...are the source of everything that is great and useful...Reduce everything to equality and you will bring everything to a standstill." (p85)

For those who share Piketty's concerns, many of the disparities we are witnessing are not the result of legitimate skill, opportunity and risk taking, but rather of unfair and illegitimate accumulations of wealth by a very small elite. They have benefited from corporate excess in terms of salaries and self-awarded payments unrelated to effort or by exploiting the accidental positions they have achieved in the distribution of formerly public assets and skewed markets in which they have been allowed an unnatural dominance.

The other side of the inequality argument holds that, while the story of inequality inside different countries is different, sometimes a little better over time, sometimes worse, the larger picture globally is of a more equal world. That pattern has been establishing itself over many years, but especially over the past 30 years or so

Through gains made in a more open global trading system and the rise of the big new economies of China, India, the BRICS and others, market mechanisms and some policy interventions are spreading new wealth reasonably well. Incontrovertibly, some form of capitalism and more or less free markets have lifted untold numbers of people out of abject poverty and into, or at least seriously verging on, middle class affluence.

According to this argument, the best antidote to capitalism's potential for inequality, in terms of opportunity and reward, is capitalism itself. What is needed is not less capitalism but more, or at least more of the best of what capitalism does best, which is to create opportunities for people to bring their ideas, energy and labour to the market for their individual advantage and to the advantage of their wider societies and of the system as a whole.

So the inequality debate is at least in part a debate about whether it exists, or at least whether it is getting worse. More or less abstruse arguments are constructed from blizzards of statistics chosen to rehearse claims whose optimism or pessimism reveal, according to each other's critics, ideological starting points and preferences. Inequality, in that sense, is in the eye of the beholder and, as usual, what you see depends on where you stand.

A good take on the inequality debate was provided in a recent opinion piece by Nicholas Kristoff whose “idiot’s guide” to inequality¹⁰ captures five essential ideas – economic inequality has worsened in the US, it is destabilizing, disparities reflect the natural and unnatural influences on the market, it doesn’t necessarily benefit the rich as much as people might imagine and progressives probably talk too much about inequality (which is usually heard as the voice of compliant and envy) and not enough about opportunity, or its absence.

Many discussions about inequality focus on the opportunity point. The opportunity point is complex but TYF’s fundamental philosophical position is that meritocracy doesn’t work. The more elites smugly trumpet opportunity, the more unequal we become. Every UK Government of the last 50 years, regardless of party, has been deeply attached to the idea that education especially is key to opportunity and that inequality doesn’t matter if there is mobility.

What has transpired is less and less mobility and an education system that feeds the formation and defence of elites. Maybe it’s time to turn the opportunity rhetoric in the direction Michael Young foreshadowed in his critique of meritocracy, which remains fundamental here. If we fool ourselves into believing we have meritocratic systems then elites end up giving themselves ever greater rewards without embarrassment

5 Web without a spider: the literacy of networks

People and organisations and communities need to learn how to live in de-centred systems which resemble less the hierarchies of clear command and authority we are used to and will work more like a “web without a spider”.

Reid Hoffman, founder of LinkedIn, wrote in a recent essay:

People who exhibit the highest levels of network literacy know that the more relevant, high-quality information you share with others, the more such information you’re likely to receive. To be truly network literate is to always be thinking of how you can add value to the networks you’re a part of, and to make it a priority to turn connections into relationships, and relationships into alliances.¹¹

Hoffman’s point is that if you think networks, you (almost literally) see and think differently than if you insist on thinking about discrete and separate people and organisations. Our networks increasingly define us, he argues.

The role of networks, and our ability to create and use them for selfish and collective purposes, has become central to individual, organisational and societal progress.

Another way of characterizing the implications of deep network literacy is that institutions will become less egocentric and more network centric. This is how one description puts the challenge.¹²

A network mindset exercises leadership through active participation, openness, decentralized decision-making, and collective action. It means operating with an awareness of the networks the organization is embedded in, and listening to and cultivating these networks to achieve impact. It means sharing by default and communicating through a network model, rather than a broadcast model – finding where the conversations are happening and

¹⁰ http://www.nytimes.com/2014/07/24/opinion/nicholas-kristof-idiot-guide-to-inequality-piketty-capital.html?_r=0. Kristoff’s article is reproduced at [Appendix 2](#) to this paper. The paper links to an IMF Staff Discussion Note titled *Redistribution, Inequality, and Growth*

¹¹ <https://www.linkedin.com/today/post/article/20140604152945-1213-the-information-age-to-the-networked-age-are-you-network-literate>

¹² This section is adapted from *Changing Shape: Institutions for a Digital Age*, Martin Stewart-Weeks and Lindsay Tanner, Longueville Media, 2014

taking part.¹³

There have to be new levels of interaction between the big institutional structures we need to reform and the activist and entrepreneurial networks and communities to which they are connected and in which they are increasingly embedded.

As egocentric organisations learn to be more network-centric, the source of power will shift from being concentrated at the top to emanating from the network itself.

Values will shift from competition, cultures of personality and resistance to knowledge sharing on the one hand to, on the other, distributed power, people seeking affinity instead of command and control and sharing information to build knowledge and influence.

Communication patterns will evolve from the top down to more interaction between members and from members up and into the organisation's centre. The organisation's focus will be less on itself and what happens inside and more on the surrounding networks where members and contributors will work out new ways to share risk and responsibility for projects with common goals. Energy will flow out to the network instead of up and down the organisation's own structures.¹⁴

The idea that we now live in a network society is a cliché. But its implications are anything but.

We are learning more about not just the nature and potential of networks but how they usher in new modes of behaviour and being.

Yochai Benkler's exploration of the "wealth of networks" offers deep and practical challenges to the way in which the task of social and public innovation is conceived and executed.¹⁵

For Benkler, the rise of a network mentality peels back the layers of the systems of production and flows of commercial and social energy on which we rely:

"We...need to see that the material conditions of production in the networked information economy have changed in ways that increase the relative salience of social sharing and exchange as a modality of economic production....What has changed is that these patterns of behaviour have become effective beyond the domains of building social relations of mutual interest and fulfilling our emotional and psychological needs of companionships and mutual recognition.

They have come to play a substantial role as modes of motivating, informing, and organizing productive behaviour at the very core of the information economy. ...It is the feasibility of producing information, knowledge, and culture through social, rather than market and proprietary relations – through cooperative peer production and coordinated individual action – that creates the opportunities for greater autonomous action, a more critical culture, a more discursively engaged and better informed republic, and perhaps a more equitable global community. (92)

He argues that the new networked economy is increasingly breaking out of its initial confines of the knowledge or information economy. Through the rise of the sensor-based and 'internet of everything' world, it is now infecting large

¹³ www.ssireview.org/blog/entry/becominga_networkednonprofit?utm_source=Enews12_08_30&utm_medium=email&utm_content=1&utm_campaign=kanter, Beth Kanter, August 2011

¹⁴ Jed Miller and Rob Stuart *Network-Centric Thinking: The Internet's Challenge to Ego-Centric Institutions*, (<http://journal.planetwork.net/article.php?lab=miller0704>)

¹⁵ *The Wealth of Networks: How Social Production Transforms Markets and Freedom* Yochai Benkler Yale University Press, 2007

swathes of the physical economy as well, is creating tools, techniques and cultures likely to contribute to the deeper structural rebalancing of risk, opportunity and power.

“The networked information economy makes individuals better able to do things for and by themselves, and makes them less susceptible to manipulation by others than they were in the mass-media culture. In this sense, the emergence of this new set of technical, economic, social and institutional relations can increase the relative role that each individual is able to play in authoring his or her own life.

People will point to examples where Benkler’s promise has been less than impressively translated into practice. Some also point to disappointing trends that suggest the instincts for agglomeration, oligopoly and “enclosure” that have been features of the physical, offline world are working their same doleful influence in the digital world.

Furious debates about neutrality and other more or less technical issues flare up into big political discussions about protecting the Internet’s open architectures of access and participation.

What remains true, though, is that there is as much evidence of the promise being fulfilled, at least embryonically. The emergence of this new economy is inevitably going to be both patchy and occasionally disappointing in these transition phases.

But it remains the core cultural, social and technological platform on which disruptive social innovation should both rely and exploit.

Albert-Laszlo Barabasi’s exploration of the power of networks is an exploration of the “architecture of complexity”, suggesting that networks are both non-random in their evolution and performance and foundational to life itself.¹⁶

Looking across business, government, biology and the Internet, Barabasi collects and explains a series of examples of a central truth, which is, broadly, the “vulnerability of centralised human planning and the resilience of self-organised network design.” (122)

Barabasi concludes that:

“...real networks are not static...Instead, growth plays a key role in shaping their topology. They are not as centralised as a star network is. Rather, there is a hierarchy of hubs that keep these networks together, a heavily connected node closely followed by several less connected ones, trailed by dozens of even smaller nodes. No central node sits as the middle of the spider web, controlling and monitoring every link and node. There is no single node whose removal could break the web. A scale-free network is a web without a spider.” (221)

Manuel Castells’ forensic investigation of the rise of the network society¹⁷ reinforces many of the insights from Barabasi and Benkler.

“Networks,” he argues, “are the fundamental stuff of which new organisations are and will be made. And they are able to form and expand all over the main streets and back alleys of the global economy because of their reliance on the information power provided by the new technological paradigm.” (168)

They constitute the “new social morphology of our societies” and, in the process, will dramatically change the “operation and outcomes in the processes of production, experience, power and culture”.

Even though networks and networked organisations have existed before, “the

¹⁶ *Linked: How Everything Is Connected to Everything Else and What It Means for Business, Science, and Everyday Life*, Albert-Laszlo Barabasi, Plume 2003

¹⁷ *The Rise of the Network Society: The Information Age: Economy, Society, and Culture Volume I* Manuel Castells, Wiley-Blackwell, 1996

new information technology paradigm provides the material basis for its pervasive expansion throughout the entire social structure.” (469)

His investigation focuses on the way in which a networked economy, and the new architecture of open, networked institutions and practices that flourish in it, engages the central task of innovation, change and adaptation. “A network-based social structure,” he argues “is a highly dynamic, open system, susceptible to innovating without threatening its balance.” (470)

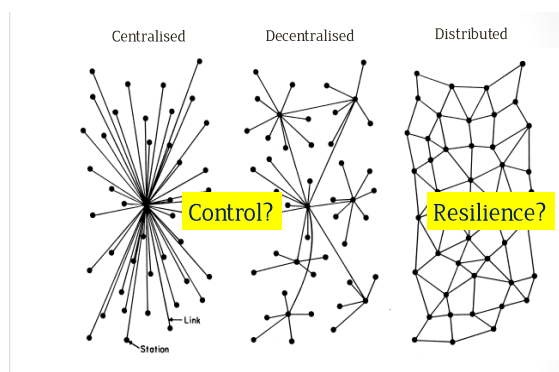
And in an insight that foreshadows the need to not just solve problems, but to change systems, Castells is clear in his view about the ‘direction of travel’ for the networked society:

“Processes of social transformation summarized under the ideal type of the network go beyond the sphere of social and technical relationships of production: they deeply affect culture and power as well...In a broader historical perspective, the network society represents a qualitative change in the human experience. If we refer to an old sociological tradition according to which social action at the most fundamental level can be understood as the changing pattern of relationships between Nature and Culture, we are indeed in a new era” (477)

Much of this was prefigured by some of the early designers and builders of the Internet.

They were clear that that network age, which they helped to birth, is about a gradual move away from the binary option of either centralised and decentralized networks to the architecture and culture of distributed networking.

This is the diagram, which Rand analyst, Paul Baran, drew to illustrate that central thesis as the basis of the architecture that grew into the Internet.¹⁸



The operating model of the new public work – how it is designed, how it goes about its work and how it engages the wider world – is fundamentally about the instincts and practices of distributed networking. In that sense, it is an idea that lives in, with and for the diagram on the right. Its main concern is to build and spread resilience in times of complex, unpredictable and often volatile change.

By contrast, much of the “old public work” has spent the past 100 years or so bouncing between the first two diagrams on the left and in the middle of the picture, concerned fundamentally with variations on the theme of command and control.

To that extent, the new public work is learning how to engage the “power of pull” and to discard, in many circumstances, the “power of push”¹⁹

Basically, “push” operates on the assumption that it is possible to forecast or

¹⁸ http://www.rand.org/pubs/research_memoranda/RM3420.html

¹⁹ *The Power of Pull: How Small Moves, Smartly Made, Can Set Big Things in Motion* John Hagel, John Seely Brown, Lang Davison, Basic Books, 2010

anticipate demand. It assumes a world of relatively stable and predictable patterns of demand and activity. As a result, it is all about programs and routines, “tightly scripted specifications of activities designed to be invoked by known parties in predetermined contexts.” (34). Further, push models “treat people as passive consumers whose needs can be anticipated and shaped by centralised decision makers.” (35)

For obvious reasons, the push regime reigned supreme in many institutional domains where control and stability were key – education, unions, government institutions and many large businesses.

Then the “big shift” ushered in a world in which many of these instincts of control were either irrelevant or impossible to execute. The shift included massive investments in the new digital infrastructures of the information economy, new knowledge flows and, as a consequence, the beginnings of institutional innovation.

The new approach to knowledge in particular has fuelled much of the subsequent pressure for system and institutional change. In the new open and increasingly connected environment, the importance of stocks of knowledge as a tradable asset to be protected and hoarded was challenged by the growing power of flows of knowledge.

As barriers to entry and movement were dismantled, capital, talent and knowledge started flowing across geographical and institutional boundaries. And as that process accelerated, a new organisational imperative emerged. The task became to rapidly find the people and ideas at the edge of systems and organisations who were imagining and building new products and services and institutional regimes of integration and direction, not command and control. (51)

In the world of pull, where the trick is not to force people to join you but to convince them to contribute their expertise and resources because they want to join an idea or a purpose they find compelling and attractive, collaboration is the premium skill. In the world of pull, organisational or system performance “is amplified not only as more participants join, but as each of them gets better faster by working effectively with other participants.” (148)

This is a new ethic of performance and value creation that has deep consequences for the new public work.

What all these ideas have in common is a deep sense that a fundamental dimension of human nature, our instinct for connectedness and social interaction, has become more salient in the design of emerging modes of production and consumption, and of governance and collective action. This is partly accelerated by the digital revolution which has made patterns and techniques of collaboration more important to success in the more deeply connected world whose emergence it has partly caused.

As the ethic and implications of distributed networking make their way into organisations, institutions and systems of commerce, governance and policy, they bring with them a new doctrine of command, “power to the edge.”²⁰

In a book published in 2003, David Alberts and Richard Hayes outline a new command-and- control doctrine for the US military”.²¹

They argue that, in the conditions of open, networked and turbulent change, the US military can no longer rely on a doctrine trapped in top down, centralised practices that are out of step with the new conditions in which its leaders and fighters have to succeed..

The “power to the edge” doctrine, despite its emergence from deep inside the military domain, stands as a powerful proxy for a set of ideas that are becoming

²⁰ This section is adapted from *Changing Shape: Institutions for a Digital Age*

²¹ *Power to the Edge: Command and control in the information age* David S Alberts and Richard E Hayes, CCRP Publication Series, 2003

more evident in many different domains and institutional settings.

Albert and Hayes note:

... the security environment has forever changed and this new security environment requires orders of magnitude faster “sensemaking” and responses. Furthermore, to make sense of the situation requires that we are able to quickly bring to bear (1) information from many sources, including new sources, (2) a wide variety of expertise and perspectives (to understand, filter, and integrate the available information and knowledge), and (3) synchronized effects over multiple domains.

The “power to the edge” doctrine enables the military or, when you think about it, any complex, distributed organisation (which is to say pretty much any contemporary organisation), to bring all of its available information and its brain power to bear “by allowing information to be recombined in untold ways and by allowing individuals to interact in unplanned ways to create understandings and options not previously possible”.

This ability to allow, even encourage, “unplanned” connections and interactions carries implications for the new public work, and for disruptive social innovation as well, both of which have to engage its slightly unnerving, but inescapable logic.

Moving power to the edge makes organisations more powerful, as opposed to the impulse in an earlier, more stable and predictable era, in which holding power to the centre was a source of power.

6 Amplified individuals and the nature of the future

Marina Gorbis, the executive director of the Institute for the Future, questions how her mother managed to fill the gap between the empty stores and markets of Russia in the 1960s and 1970s and the relative affluence that characterised many people’s homes. What filled the gap was a “vast informal economy driven by human relationships, dense networks of social connections through which people traded resources and created value.” In other words, the gap was filled by social capital, although neither her mother nor those like her at the time called it that.

She puts “amplified” individuals, capable of choice and control to influence their work, civic and personal lives, at the centre of an emerging future which combines agency and networks to offer an important addition to the mix of factors shaping and inheriting the future.²²

From there, Gorbis tracks a “new kind of network or relationship-driven economics” in which individuals are similarly collaborating to provide goods and services that existing private, government and civic institutions are not providing. Further, in many cases these are products, services and knowledge that institutions can’t provide. And the trend is clearly driven by computing and technology-mediated platforms, which have been building “village-like networks on a global scale.” Gorbis contends “we are infusing more and more of our economic transactions with social connectedness.” (8)

At the heart of the story that Gorbis sketches are examples of “amplified individuals” doing new and different work in government, science, business and education.

- The emergence of the BioCurious community, a community of scientists, philosophers, engineers, programmers and designers convened by Eri Gentry, who describes the venture as a “space for people to innovate biology in a world where change is sorely needed”

²² *The Nature of the Future: Dispatches from the Socialstructured World* Marina Gorbis, Free Press, 2013

- Eri Gentry also helped to set up Genomera, a platform for open-sourced clinical trials which (foreshadowing the discussion later in this paper about disruptive innovation) “allows virtually anyone to run a clinical trial” and avoid the expense and complexity of traditional trials by large R&D labs in the corporate and public sectors. Genomera’s approach is to create “a community of participant researchers who are socially connected.” (12)
- The Organised Crime and Corruption Reporting Project, started by Romanian investigative journalist Paul Radu, is a virtual organisation that brings together journalists with local knowledge and local connections from across the globe. The network relies on sourcing, archiving and indexing lots and lots of local information that can then quickly be woven into larger stories and insights. The venture weaves together “fine grained hyperlocal knowledge into a high-resolution view of global crime and corruption”, often following organised crime across jurisdictional boundaries in ways that larger, more formal public organisations and structures find hard. (16)

The book has plenty of other examples impacting education, science, health and government more broadly.

The question is how much can we invest in this version of a future in which technology enables people to become more active, and more collective, in the face of risks, and sometimes of opportunities, that don’t always seem to be effectively dealt with by traditional structures and systems in business, government or the structured world of science and research?

One predictable response is to dismiss much of the Gorbis thesis as interesting, inspiring even, but essentially marginal. And it is certainly risky to assume that these stories portend the overthrow of large institutions and big systems by a new army of citizen researchers, journalists, teachers and politicians.

There is a hint of romance in these stories, alluring but perhaps distracting from a world still dominated by systems, and structures that are more or less disturbed, but not deeply disrupted, by these developments.

Gorbis has an answer to that caution which is worth bearing in mind more broadly in the conversation about social innovation and the new public work.

As she rehearses the many examples she’s found of the connected, collaborative mode of working that is doing amazing things for and with people and communities around the world, Gorbis admits that these initiatives “appear to be founded on a combination of passion, naiveté and blatant disregard of the real world.” It is easy, she accepts, to dismiss them as “marginal, only for the tech-savvy or the rebellious.”

But picking up on her own life story as she moved with her family from Russia to the United States, Gorbis throws out an invitation “to look at this emerging world through the eyes of an immigrant,” the same eyes through which she looked at her new world.

We are all, she suggests, “immigrants to the future”. We would do well to adjust our senses as we start to pick up signs of what that new world, the new landscape into which are emerging, might be.

Gorbis argues that the socialstructured world, as she labels it, is not just a fringe phenomenon, but the early manifestations of a new economy.

The very underpinnings of our society and institutions – from how we work to how we create value, govern, trade, learn, and innovation – are being profoundly reshaped by amplified individuals. We are indeed all migrating to a new land and should be looking at the new landscape emerging before us like immigrants: ready to learn a new language, a new way of doing things, anticipating new beginnings with a sense of excitement, if also with a bit of understandable trepidation. (23)

We are witnessing a shift from the “incumbent curve”, a curve of institutional production in which most value creation and resources were concentrated and flowed through large hierarchical institutions like banks, universities and corporations, to a “nascent” curve, a curve of “socialstructuring”. This new curve has not yet achieved scale, and many of its early manifestations seem small and marginal. But they are on a trajectory to the mainstream.

The emergence of amplified individuals, in the sense that Gorbis describes, introduces a new element into the equation.

Not only do the trends and developments that she describes make individuals more capable of exercising choice and control, but they also make it possible for those amplified individuals to join together in different ways to become both active and influential. The nature of collective action is changing.

It is a framing not without its potential dark side, as Gorbis admits when she talks about the risks, for example, of the clash between the market mode of working and the social mode of working being won by the market and its ability to colonise and “enclose” the social commons for example.

She also calls out the risk of a “digital manor” economy, with a few ‘barons’ aggregating power by harnessing the poorly paid or unpaid work of the digital ‘serfs’ for private gain. She also recognises that the regulatory, policy and institutional furniture, as it were, to support the micro, socialstructured world of exchange, invention and value is, for the most part, not in place and badly lagging surging practice. These things take time, she argues, noting how long it took, for example, for the institutions of the financial system we now take for granted to evolve and develop.

But these realistic considerations aside, the overall framing is provocative. When Gorbis notes that the reality for most people is defined by a schizophrenic engagement with persistent formal institutions and big systems on the one hand and, on the other, the undeniable impact of the socialstructured collaboration that is creating something new outside of those formal boundaries, she offers an important choice.

You can either see the trends she describes as the irresistible, essentially one-way replacement of the world of big institutions with the new and proliferating socialstructured collaborations across cities, countries and the world. Or you can settle on a more “mixed economy” view that sees these trends as not an *either/or* choice, but a *both/and* phenomenon.

The question then is less about how quickly the old institutions will be replaced by the new, socially structured methods and modes of working, but rather how each will work with, adjust to and learn to leverage the best of, the other. That frame assumes that the large institutions and big systems won’t disappear because, for some aspects of the work we need to do in the emerging world, they are both necessary and often uniquely placed to be effective. But they have to change and they have to absorb the new energy and motivation that is rising all around them.

If that is the test for the institutional side of the story, there is a similar test for the socialstructured world that Gorbis describes, of which social innovation is centrally a part. How well does that world, and the newly forming, often loose networks of energetic and engaged people engage with the bigger institutions and systems which it needs, but which it also needs to change at the same time?

7 Social innovation

Social innovation remains a contested idea and a fluid, evolving practice, defined primarily by the nature of the problems and opportunities it confronts and the context in which they emerge.²³

Broadly, the term social innovation has been used to describe:

- Societal transformation
- A model of organisational management
- Social entrepreneurship
- The development of new products, services and programs
- A model of governance, empowerment and capacity building.

Definitions converge on a number of consistent ideas. For example:

“...social innovation seeks new answers to social problems by: identifying and delivering new services that improve the quality of life of individuals and communities”

...social innovations are not just new solutions, they are new solutions that work better than existing practices and therefore bring about measureable improvements for the populations they serve.”

“A true social innovation is system changing – it permanently alters the perceptions, behaviours and structures that previously gave rise to these challenges. Even more simply, a social innovation is an idea that works for the public good”.

The Stanford Social Innovation Review defines social innovation as “a novel solution to a social problem that is more effective, efficient, sustainable or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals.”

More fully, this definition picks up the twin characteristics of durability and scale:

“ (an) initiative, product or process or program that profoundly changes the basic routines, resource and authority flows or beliefs of any social system. Successful social innovations have durability and broad impact. While social innovation has recognizable stages and phases, achieving durability and scale is a dynamic process that requires both emergence of opportunity and deliberate agency, and a connection between the two.

The capacity of any society to create a steady flow of social innovations, particularly those which re-engage vulnerable populations, is an important contributor to the overall social and ecological resilience”.²⁴

The TEPSIE review paper itself settled on this definition of social innovation:

Social innovations are new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources. In other words, social innovations are both good for society and enhance society’s capacity to act.

Social innovations are as intent on investing in the capability for more social innovation into the future – that is, strengthening the capacity of a society or a community to use social innovation to solve problems and lift resilience – as they are on solving the particular problem, or realizing the particular opportunity, on which they are immediately engaged.

The process of social innovation often involves changes in social relations, especially in terms of governance. It specifically seeks ways to increase the

²³ *Defining Social Innovation*, TEPSIE, May 2012 and *Social Innovation Practices and Trends*, TEPSIE, May 2012

²⁴ <http://sig.uwaterloo.ca/highlight/the-social-innovation-dynamic>

19 If social innovation is the answer FINAL December 2014

participation of “vulnerable, marginalised and/or under-represented groups”. In this sense, social innovation “involves changes in power relations and increasing the socio-political capabilities and access to resources of beneficiaries – thereby enabling them to better meet their own needs”.

From the TEPSIE review of definitions, a set of common characteristics emerges that define social innovation’s purpose and practice:

- Cross sectoral
- Open and collaborative
- Grassroots and bottom up
- Pro-sumption and co-production
- Mutualism
- Creates new roles and responsibilities
- Better use of assets and resources
- Creates new assets and relationships.

This is another set of definitions, from the Canadian Social Innovation Generation:

Social innovation requires that change happen across scale – from individuals to institutions – so that impact is possible at that broadest level. Then, lasting, high impact innovation happens. And something that seemed impossible to change in the world becomes different.

Social innovation is an initiative, product or process or program that profoundly changes the basic routines, resource and authority flows or beliefs of any social system (e.g. individuals, organizations, neighbourhoods, communities, whole societies). Successful social innovations have durability and broad impact.

A social innovation can be a product, production process, or technology (much like innovation in general), but it can also be a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them. Indeed, many of the best recognized social innovations, such as microfinance, are combinations of a number of these elements.

Other definitions pick up more general characteristics of innovation, which are shared and sometimes amplified in the case of social innovation. Innovation, for example, usually involves some struggle against vested interests; the ‘contagious courage’ that persuades others to change; and the pragmatic persistence that turns promising ideas into real institutions.²⁵

Some other important attributes are manifest in the way Michael Young, after whom the Young Foundation is named, worked as he looked for “small changes that could achieve leverage by demonstrating how things could work differently, and he was convinced that practical action was often more convincing than eloquent books and pamphlets.”

Some further insights into the distinctive “operating model” of social innovation is contained in these observations:

- Tinkering seems to play a vital role in all kinds of innovation, involving trial and error, hunches and experiments that only in retrospect look rational and planned.
- Social innovations may be helped by formal market research or desk analysis but turning the idea into a prototype or pilot and then galvanising enthusiasm often achieve progress more quickly.
- Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through

²⁵ *Social Innovation: what is it, why it matters and how it can be accelerated*, Oxford Said Business School, Geoff Mulgan et al (first public 2007, The Young Foundation)

organisations whose primary purposes are social.'

What emerges is a theory based on the notion of "connected difference", which emphasises three dimensions:

- Social innovations are usually new combinations or hybrids of existing elements, rather than being wholly new in themselves
- Putting them into practice involves cutting across organisational, sectoral or disciplinary boundaries
- They leave behind compelling new social relationships between previously separate individuals and groups which matter greatly to the people involved, contribute to the diffusion and embedding of the innovation, and fuel a cumulative dynamic whereby each innovation opens up the possibility of further innovations.

From some of the other dimensions of the TEPSIE review emerge some important reminders of other features and characteristics of social innovation. For example:

Social innovation is a practice led field. Around the world people are coming up with all sorts of new and innovative ways to address social challenges. It is these examples that are leading the thinking and development of the field.

This diversity of practice makes the 'field of social innovation' quite difficult to describe, analyse and measure. Indeed, it might be more appropriate to talk of fields and practices rather than one single field of action.

Social innovations frequently involve more than one sector – a recent example is the partnership between the Department for International Development (DfID), Vodafone and later a number of non- profits which led to the creation of mobile banking platform MPesa. Social innovations that start in one sector can also be taken up in others; for example, many models of distance learning were pioneered by non- profit organisations and then adopted by business or social enterprises.

The market has become an increasingly important source of social innovations, particularly as social industries such as education, health and social care represent a growing share of the economy.

Key emerging trends include the growth in social enterprises, growth in new hybrid social business models, and moves by existing businesses into the social space, often in collaboration with non- profit organisations.

Some firms are developing entirely new products that are designed specifically for use with low-income populations. Examples include DripTech⁵³, a low cost water efficient irrigation system for use by small- plot farmers in developing countries and d.light, which sells solar rechargeable LED lanterns at an affordable alternative to kerosene lanterns in the Indian subcontinent.

Another is Sanergy which is making a sustainable business out of the sanitation value chain in slums across Kenya. These are for profit companies focused on social goals.

In the field of health, the review notes the example of CureTogether, which enables patients to list their symptoms, the treatments they have tried and the results that they have observed. Its 25,000 members have already contributed nearly 3 million data sets across 576 medical conditions.

This example picks up a number of themes reinforced by Marina Gorbis' stories of "amplified" individuals using their own skills and motivations, using cheap and pervasive technologies, to self-organise around particular concerns or passions.

These are all examples that reinforce bigger cultural shifts towards post-materialist values favouring autonomy, voice and participation, self-expression

²¹ If social innovation is the answer FINAL December 2014

and psychological self-determine. These co-designed, collaborative and self-organised initiatives are part of a wider reaction against excessive deference to professions, and the notion that the expert, or at least one particularly type of formal, credentialed expert, always knows best. The death of deference is part of the social innovation story.

In one of its papers, the TEPSIE notes there is now a growing awareness that many of the traditional institutions of “old” public work are ill equipped to deal with the complexity, uncertainty and ambiguity that characterises the modern world. It quotes Dee Hock’s conclusion that “we’re in the midst of a global epidemic of institutional failure”. It isn’t simply the scale of the challenges that is daunting – it is also the nature of these challenges that is problematic and requires innovation on many fronts. As Hock explains, “the deeper source of innovation lies in the nature of the complexity we are creating around the world and the growing number of problems that exceed the power of existing institutions.”

Another take on social innovation’s mandate and potential comes from David Lane’s “agenda for social innovation”.²⁶

Lane argues that “social innovation” is more a rallying cry than it is a coherent vision or strategy for societal level social transformation. He describes an “innovation society ideology” of essentially top-down, waterfall models of innovation, which is still very much alive.

... the optimism that engendered it has eroded badly. Western society has been rocked by a series of crises, from financial collapse through global warming to youth unemployment. Paradoxically, most of these crises are unanticipated consequences of the very innovation cascades that are central to the Innovation Society ideology’s prescription for social transformation. The ideology assumes that innovations (that is, new artifacts) solve social problems – it ignores the fact that every such “solution” has the potential to generate many new problems!

He believes society “needs a find a way to get out from under the Innovation Society ideology, to develop new kinds of processes for guiding the direction of social change. The increasing call for social innovation is a response to the Innovation Society’s metacrisis.”

This question is systemic: can social innovation practice help us move beyond the Innovation Society and its endogenous crises? Or is social innovation destined to be a marginal phenomenon, supporting rather than supplanting the Innovation Society, offering a “teacup to bail out the Titanic”?

His manifesto is fashioned around four principles, which reflect some familiar themes:

- Social values, not economic value, should be the principal drivers of innovation projects
- Everyone counts – the processes that guide the evolution of innovation projects must take into account the consequences to, and values of, all the participants in the project
- Social innovation is distributed policy-making, by doing
- The task of social innovation is to mobilise engaged citizens to construct a socially sustainable future.

Lane has a couple of other important observations to add into the mix. “If we think of policy as the means by which a society tries to guide the transformations that construct its future” he argues, it is misleading to think of policy making as “a centralized activity, with policy makers located at the

²⁶ *Towards and agenda for social innovation*, David Lane, European Centre for Living Technology, Venice

decision points of governments.”

The key processes through which society transforms itself are distributed among many agents, operating at different levels of organization.

The real and deeper promise of social innovation lies in its ability to shift the “terms of engagement” between people and the process of constructing their society’s future.

The expectation is that, with a proliferation of social innovation projects, “more and more people will be mobilized as engaged citizens, and this experience will lead them into participating in, even initiating, more social innovation projects that will emerge from the innovation cascades such projects generate.”

For Lane, this is the deepest meaning for “scaling up” social innovation – and in it lies the hope for the construction of a socially sustainable future.”

As the earlier examples of “amplified”, self-organising individuals in areas like health care suggest, what might have once been assumed to be noble, but heroic assumptions about people’s willingness, and capacity, to step up to this more demanding dimension of social innovation’s promise is, in fact, becoming both more likely and more frequent.

What emerges is a sense that social innovation could become a distinctive practice, essential to many of the tasks of problem solving and system change demanded by the risks and opportunities we face as individuals or in common.

What also emerges is a sense that, to be truly transformative (assuming that is an ambition those engaged in the project share), social innovation has to cleave to its larger potential to change systems and structures, not just to solve problems. That suggests an instinct for the maximalist, rather than the minimalist construction of social innovation’s future and promise, set out in the choice presented by Roberto Unger in a lecture delivered at a Nesta workshop.²⁷

Unger argued that social innovation, as a project and as a group of people with shared values and practice, can essentially think small or it can think big. How it determines that choice determines, according to Unger, the extent to which social innovation is either content to fix problems or uses its problem-fixing potential to change the surrounding architecture of institutions and systems.

Social innovation, Unger believes, has to see itself as a “transformative movement on the world.”

By contrast, according to the minimalist view of the social innovation movement, “social innovation is a movement within civil society and about civil society. It does not directly engage in the politics of state power and it renounces the hope of proposing a comprehensive project for society.

The minimalist approach to social innovation has the attraction of modesty and apparent realism.”

According to the maximalist view of social innovation, “the social innovation movement, although headquartered in civil society, is not simply about civil society, but about everything, and therefore, must engage the politics of state power and must have a comprehensive proposal for society.”

At the heart of his challenge is the “dictatorship of no alternatives”. What that means is both urgent and very practical. There is, he argues, “a very limited repertory of live institutional options available for the organisation of different domains of social life. And this restricted repertory of institutional alternatives has become the fate of the contemporary societies.”

In the rich North Atlantic world, “the hegemonic project of the governing elite, coming from all the major political parties, is almost entirely confined to the

²⁷ http://www.nesta.org.uk/sites/default/files/professor_unger_social_frontiers_transcript.pdf,
https://www.youtube.com/watch?v=zBfPa_FiExI

attempt to reconcile American style economic flexibility and European style social protection within the limits of the institutional and ideological compromise established in the wake of the Second World War.” The problem is, he believes, the fundamental problems of the contemporary societies cannot be resolved or even addressed within the limits of that compromise.

This is the litany, in Unger’s words, of institutional problems to which disruptive social innovation must turn its attention:

- The hierarchical segmentation of the economy, which now takes a new form. In the wake of the decline of traditional mass production, a new form of production emerges in the world, characterised by permanent innovation, but almost entirely confined to isolated vanguards of each national economy, from which the majority of the labour force remains excluded.
- The disconnection of finance from the real economy. Finance, rather than serving the productive agenda of society, is allowed to serve itself.
- The non-existence of any promising way to enhance the quality of the provision of public services. What exists in the world is the bureaucratised provision of standardised, low-quality public services by the bureaucratic apparatus of the state. And the only apparent alternative to that administrative fordism, as one might call it, is the privatisation of public services in favour of profit driven firms. (It is fair to point out that while the critique is forceful, it doesn’t adequately reflect more recent attempts to find different vehicles, including the mutualisation of public services, to deliver services and engage more closely with communities).
- The absence in these societies of an adequate basis of social solidarity. Money transfers organised by the state in the form of compensatory redistribution are not an adequate social cement.
- The flawed and relatively impotent character of democratic politics, which leaves the basic structure of society unchallenged and largely unchanged, perpetuates the rule of the dead over the living and makes change depend upon crisis. None of these problems can be solved within the restraints of the social democratic compromise established in the middle of the last century.

All of which leads Unger to a basic question. What is the work of the social innovation movement viewed in the spirit of the maximalist approach?

His answer is simple and direct.

The work is to resist and subvert the dictatorship of no alternatives and to do so in the direction of an enhancement of agency in all domains of social life of the capacity for invention and self-direction.

The task of the progressives in general, he goes on, and of the social innovation movement in particular, is to create an alternative to the “path of least resistance”. That is the work, but the question is; can it be achieved?

The qualified answer notes some important enabling conditions, the first of which is the existence of a “vast array of small-scale innovations coming from the grass roots, from the bottom all over the world” or what he describes as a “kind of ceaseless, Brownian motion that we can discern throughout the world.”

Unger suggests that the transformative potential of these small-scale innovations can be squandered if they are not properly received and understood. As “anticipations of alternative directions”, they fail to become enlisted in the service of “accumulative transformative projects.” In other words, if the small changes that disruptive social innovation can create are not understood or connected into the larger machines of institutional and system change, their

impact will be wasted. There is a skill and a set of distinct capabilities necessary to connect small change to large systems and to ensure the traction that leads to deep system change.

But Unger does not argue that “the social innovation movement should commit itself to a particular comprehensive programme for society”. What he advocates is that social innovation should become “a space in which alternative such visions can contest for ascendancy.”

For Unger, the second project is to radically transform “the character of education, and, thus, through education, of changing the predominant content of consciousness.” What that means is “a form of education that is analytical, rather than informational, that rejects encyclopedic superficiality in favour of selective deepening, embraces cooperation in teaching and learning against the combination of individualism and authoritarianism and that deals with every subject dialectically, through contrasting points of view.”

That kind of demanding renewal can only happen, he believes, “through institutional innovations that reconcile the local management of schools with national standards of investment and quality.”

A third project, for Unger, is to innovate the provision of public goods.

He argues that the state must provide “universal minima operating” as the floor, and, at the same time, work at “the ceiling of the provision of public services, developing the services that are most complicated, expensive and experimental.”

That leaves a broad middle range where the state can and should engage civil society, prepare it, equip it, finance it, so that it can share, together with the state, “in the experimental and competitive provision of public services.”

Unger suggests this is the best way of enhancing the quality of the public goods and of provoking the independent self-organisation of civil society outside the state, although how independent civil society can be if it is equipped and financed predominantly by the state is an important, unanswered question.

Unger’s project is the project of energising or deepening a “high-energy democracy”, which requires institutional innovations that “raise the temperature of politics”.

Returning to his central challenge to the social innovation movement, Unger claims that “like the liberals and socialists of the 19th century, we must have structural ambition.” The project has to be concerned, at least at one level, with changing the “background structure” even if that means “we change it piece-by-piece and step-by-step”. Without structural ambition, he claims, transformative politics, and presumably social innovation, comes to nothing.

Unger believes that social innovation’s method is the “progressive transformation of the structural background, of the institutional and ideological settlement”. But its goal is not simply more or less marginal shifts in inequality, but “the achievement of a larger life with greater intensity, broader scope and higher capabilities for the ordinary man and woman.”

He prescribes two main methods for moving this project forward.

The first is by what he calls “interpreted foreshadowings”, which are “small-scale transformations coming from the bottom (which) can be represented as down payments on a larger project when viewed under the lens of a general conception.”

It is the resulting combination of “tangible practicality” with “prophetic vision” that will distinguish the social innovation movement.

In many ways, Unger’s call to arms feeds off a deeper sense that things are falling apart and that, as some of the other trends that this paper has briefly reviewed

also suggest, not only can the centre no longer hold but it shouldn't even try. It's not that there isn't a role for the centre in the emerging networked world that appears to offer so much more room for amplified individuals to create, as it were, their own centre.

There remain difficult questions about how networks and communities render their joint and several insights and preferences both coherent and sustainable, especially over time.

It's one thing to use the power of crowds to swarm political and corporate regimes out of power, but it's quite another to turn all that solidarity and spontaneous, connected energy into the tools and instruments of persistent purpose and practical work.

But Unger hints at social innovation's potent potential when he talks in terms, as another study puts it, of an old order coming apart and a new one, for better or for worse, self-assembling:

"To help build and succeed in the new order, leaders in the private, public and citizen sectors need to switch from thinking about incremental change to transformational, systemic change. And to do this they will need to connect wider, analyze deeper, aim higher and invest longer..."

And Unger, Lane and many of the other theorists and practitioners of disruptive social innovation don't need to be reminded that the endeavour is fraught with difficulty:

"...It is in the very nature of things that a proportion of leaders will fail, but when the rate of failure increases dramatically, the chances are that system failure is at the heart of the problem. The current generation of leaders have fought their way to the top of the pile in a system whose rules they understood, indeed helped to define and police.

As a new order begins to emerge, their instincts, reflexes and well-honed solutions increasingly fail to address the increasingly complex challenges. The question is: do our leaders have the skills and ability to adapt to the new order?"²⁸

Unger's own conclusion is predictably direct and realistic:

All these are powerful restraints against the work of the social innovation movement, nevertheless, the opportunity is immense. The message has been diffused throughout the world by democracy, by liberalism, by socialism and, above all, by the worldwide, popular, romantic culture that ordinary men and women are not as ordinary as they seem to be and that there is a vocation for a larger life established in every human being. The fundamental problems of the contemporary societies cannot be resolved within the restraints of the limited repertory of available institutional options.

Unger's frame is both demanding and, largely, right if the ambition is to find a way to give social innovation a larger ambition and animating purpose.

It's true that some of his prescriptions are redefinitions of the problem rather than necessarily solutions in themselves. And some of the critique of current efforts to innovate in the public sector seems unnecessarily harsh and even unfair in some respects, given the evidence of at least some success in the embrace of innovation and change.

There are some tricky questions, too, at the heart of the advice. For example, how does social innovation as a venture or a movement get out and engage the power of the state and the market and indeed of civil society too while at the same time offering to subvert at least some aspects of their power, control and

²⁸ Future Quotient, <http://www.europeanbusinessreview.com/?p=6133>

authority?

The Unger frame is compelling to the extent it matches a traditional notion of structural engagement with power and hegemonic systems with the embrace of new models of networked and open innovation, largely but not only manifest in communities of connected innovators, entrepreneurs and problem solvers.

What is actually needed is new forms of engagement between those communities of connected innovators and the larger systems they seek to shift and occasionally subvert. That task, the making of new common cause between the cathedral and the bazaar, to foreshadow an insight later in the paper, should be attracting more attention in its own right.

It demands a set of skills and attitudes that requires a combination of translation, diplomacy, negotiation and project management to get the two sides to become more aware of, knowledgeable about their respective and complementary skills and role of each.

Some common elements

These are the elements that emerge from the review of social innovation's theory, practice and promise. And the paper will argue later these same attributes and features form an important part of the new public work:

- A foundational ambition to help people live flourishing lives of "greater intensity, broader scope and higher capabilities."
- User-centred co-creation, privileging creativity and agency
- Always starting with the wisdom, experience and aspiration of ordinary people and the communities in which they live and work
- Linking loose, but increasingly powerful networks and communities of innovators and entrepreneurs to bigger, settled public and private institutions of governance, commerce and community (and changing the way each of them thinks and works and acts)
- Redistributing power, resources, control and authority
- The intelligent use of design skills and tools, mixed with other policy skills and specialist expertise, and
- Solving problems as a way to change the bigger systems in which they are embedded.

8 Disruptive innovation

Disruptive innovation is about redistributing power, control and authority.

By developing cheaper, simpler and more accessible products and services, disruptive innovation provides access and a sense of agency to large numbers of otherwise excluded consumers. The process of disruption, which is often described as coming from below and building new opportunities for access and control from small and unpromising beginnings, is a tool being used in many different sectors for structural reform and systemic redesign.

The idea of disruptive innovation is most closely associated with the writing and research of Clay Christensen²⁹

The general theory of disruptive innovation argues that most incumbents "burnish their success by introducing new and more-advanced products to serve the more-sophisticated customers at the high end of the market". These are

²⁹ *The Innovator's Dilemma: When new Technologies Cause Great Firms to Fail* Harvard, 1997; *The Innovator's Solution: creating and sustaining successful growth*, Harvard, 2003; *Disrupting class: how disruptive innovation will change the way the world learns* (with Michael Horn) McGraw Hill, 2008; *The innovator's prescription: a disruptive solution for health care* (with Jerome H Grossman and Jason Hwang), McGraw Hill, 2008

sustaining innovations.

While that is happening, “upstart companies” introduce disruptive innovations—“cheaper, simpler, more convenient products or services that start by meeting the needs of less-demanding customers.”

The dynamic is the same across any industry. Many of the most powerful innovations that disrupted other industries did so “by enabling a larger population of less-skilled people to do in a more convenient, less expensive setting things that historically could be performed only by expensive specialists in centralized, inconvenient locations.”

Nearly every disruptive innovation in history, Christensen argues, has had the same impact. George Eastman’s camera made amateur photography widespread, Bell’s telephone let people communicate without the need for professional telegraph operators and photocopying enabled office workers to do things that historically only professional printers could do.

In the field of financial management, on-line brokerages have made investing so inexpensive and convenient that “even college students now actively manage their own portfolios.” Indeed, disruptive technologies have been one of the fundamental mechanisms through which the quality of our lives has improved, he claims.

In each of these cases, the disruption left consumers far better off than they had been. We don’t, he suggests, yearn to return to the days of the corporate mainframe center.³⁰

This summary comes from Christensen himself in an article about the application of the idea of disruptive innovation to health care in the US, which he launches with a discussion about what happened to the entrepreneur who came up with a cheaper, but initially less powerful, but portable X-ray machine.

The starting point for the discussion is the crisis confronting, in this case, the US health care system. The evidence includes prestigious teaching hospitals losing millions of dollars every year, delivery systems which are convoluted, expensive, and often deeply dissatisfying to consumers. Managed care, which evolved to address some of these problems, seems increasingly to contribute to them, he argues, and some of the best managed-care agencies are on the brink of insolvency.

At least part of the solution would be a “host of disruptive innovations, small and large” that could build a new system that’s characterized by lower costs, higher quality, and greater convenience than could ever be achieved under the old system.”

The deeper pattern manifested in these predictable dynamics is that, generally, disruptive innovation “sneaks in from below”. While the dominant players are focused on improving their products or services to the point where the average consumer doesn’t even know what she’s using (think over-engineered computers), they miss simpler, more convenient, and less costly offerings initially designed to appeal to the low end of the market. Over time, the simpler offerings get better—“so much better that they meet the needs of the vast majority of users.”

The US health care system needs to be transformed in the same way and by adopting the same basic approach. Rather than ask complex, high-cost institutions and expensive, specialized professionals to move down-market, Christensen argues we need to look at the problem in a very different way. The

³⁰ <http://hbr.org/web/extras/insight-center/health-care/will-disruptive-innovations-cure-health-care>

formula is simple – “managers and technologies need to focus instead on enabling less expensive professionals to do progressively more sophisticated things in less expensive settings.”

For example, by getting less expensive practitioners to treat diabetes and coronary artery disease in less costly locations, health care becomes more efficient without, importantly, any compromises in quality. On the contrary, Christensen points out, “more patients get more care”. The obvious point is that, when care is complex, expensive, and inconvenient, many afflictions simply go untreated. Before the disruption of angioplasty, many people with coronary artery disease were not treated.

He then looks at nurse practitioners and physicians’ assistants. Because of advances in diagnostic and therapeutic technologies, these health workers can now diagnose and treat simple disorders that would have required the training and judgment of a physician only a few years ago. Accurate new tests allow physicians’ assistants to diagnose diseases as simple as strep infections and as serious as diabetes. In addition, studies have shown that nurse practitioners typically devote more time to patients during consultations than physicians do and emphasize prevention and health maintenance to a greater degree.

The problem is that many states have regulations that prevent nurse practitioners from diagnosing diseases or from prescribing treatment that they are actually fully capable of handling.

Christensen concludes:

Once an industry is in crisis, individual leaders often become paralyzed. They’re incapable of embracing disruptive approaches because the profitability of the institutions they lead has been so eroded. Typically, not only do they ignore the potential disruptions, they actively work to discredit and oppose them. Thus far, this pattern has held true in the health care industry as well.

Christensen has also taken his ideas and insights about disruptive innovation into other social policy domains, notably education.

Based on his research and the longer exposition of the role of disruptive innovation in education, Christensen rehearsed his thesis in an short essay that provides a useful summary of the distinctive and predictable stages of the disruptive innovation model³¹.

The story always starts with an industry or sector in crisis, which is manifested in rising concerns about different aspects of the supply and quality of existing products and services. In the case of the US higher education system, Christensen points to several weaknesses in the current models.

One is the failure to ever serve a large percentage of citizens or potential customers, especially from low-income, African-American and Hispanic families.

Another is a business model “at breaking point”. Christensen notes that many institutions are increasingly confronted with deep financial difficulties.

Undergraduate tuition has risen dramatically: at a 6.3 percent annual clip for nearly the last three decades—even faster than the much-decried 4.9 percent annual cost increases plaguing the healthcare industry.

But further, he sees in traditional elite and (in disruptive innovation terms) over-engineered business models at the heart of traditional universities complexity and confusion.

Examining the traditional universities through the lens of innovation, we see that a muddled business model is causing the industry’s ruinous cost increases. For decades now, these institutions have offered multiple, concurrent value

³¹ <http://harvardmagazine.com/2011/07/colleges-in-crisis>

propositions: knowledge creation (research), knowledge proliferation and learning (teaching), and preparation for life and careers.

They have as a result become extraordinarily complex—some might say confused—institutions where significant overhead costs take resources away from research and teaching

The analysis continues by recalling that the business model for higher education has been selective by design. The whole idea has not been to cater for the masses but to cater for an elite and, in the process, to keep tweaking the model to add more or less incremental changes to its research and teaching combination.

Industry or sector crisis, usually brought on by cumulative external conditions and changes in the operating environment, technology chief among them, together with business models that have grown increasingly brittle, suggest the need for a fundamental rethink of the whole approach.

Disruptive innovation is an entrepreneurial catalyst to test foundational assumptions about the extent to which the “theory of the business”³² has come adrift from what is happening in the world, especially in terms of shifting consumer demand and potential.

Christensen urges a rethink needed of US higher education:

Since World War II, the country’s dominant higher education policies have focused almost exclusively on expanding access: enabling more students to afford higher education, regardless of its total cost. Today, changing circumstances mandate that we shift that focus to making a quality postsecondary education affordable. Inherent in that shift is a new definition of quality from the perspective of students—ensuring that the education is valuable to them as they seek to improve their lives and thus improve the country’s fortunes, too. If a postsecondary education is fundamentally affordable—meaning lower in cost to provide, not just the price to pay—this will also address the question of how to extend access to higher education of some sort.

This is where disruptors come in and start to get noticed. Typically, they have been hard at work starting up their new, lower-cost and often lower quality offering (on some dimensions anyway) and gathering early customers without too much fuss and without incumbents really noticing.

In the US, Christensen explains that just when the challenges to established higher education have emerged, another group of universities got started whose financial health is strong and enrollments have been booming. But, as he notes, “the brands of these schools are weak and their campuses far from glamorous; sometimes the campuses are even nonexistent from the perspective of students, as online learning has largely driven their growth.”

And that leads to an obvious question - how could this upstart group be so successful when the rest of higher education is treading water at best?

Typically, a disruptive innovation model starts by understanding the shifting starting conditions, which question some of the underlying assumptions on which, the original business model was built. In the case of higher education, the big story is the democratization of knowledge and learning driven by waves of technology, especially the Internet.

When America’s traditional universities arose, Christensen notes, knowledge was scarce, which meant that research and teaching had to be coupled tightly. That is no longer the case. The Internet is “democratizing people’s access to knowledge and enabling learning to take place far more conveniently in a variety

³² <https://hbr.org/1994/09/the-theory-of-the-business/ar/1>

of contexts, locations, and times.”

And the corollary of that shift is the need to rethink too how success and performance will be measured – the metrics, in other words. While it is true that online education has the potential to change the way curriculum and learning itself are conceived and achieved, there is little point judging this new approach by the metrics used to govern the old system. That is both inappropriate and limiting.

Online learning allows education to “escape from the focus on credit hours logged and “seat time” in classrooms to new standards that tie progress to students’ competency and mastery of desired skills.”

Christensen draws the threads of the higher education story together back into the persistent frame of disruptive innovation itself. The steps he outlines that are testing the higher education sector are familiar. They speak to a process by which “products and services that were once so expensive, complicated, inaccessible, and inconvenient that only a small fraction of people could access them, are transformed into simpler, more accessible and convenient forms that are also, ultimately, lower in cost.”

He argues that the rate at which these effects are working themselves out in higher education are more rapid than expected, largely as online learning has exploded: roughly 10 percent of students took at least one online course in 2003, 25 percent in 2008, and nearly 30 percent in the fall of 2009.

Another essay by a colleague from the Christensen Institute, Michael Horn, explaining the impact of disruptive innovation on K-12 schooling adds some important dimensions to the wider story.

It takes time for the full impact of the disruptive model to be worked out and to be felt by consumers. Price points, cost models and the full engagement with new service and consumptions platforms and tools, usually technology-mediated, take time to evolve and roll out. As Christensen points out, disruptive innovations “typically begin simply, as they aim to capture markets by offering people whose alternative is literally nothing at all (that is, current non-consumers) a stripped-down product or service that may well appear primitive as judged by the old performance metrics.”

But disruptive innovations inevitably improve over time and “ultimately transform the world” as people in the mainstream migrate to the new products or services because they are delighted with a solution that they find simpler, more accessible and convenient, and lower in cost. Over time, continuing waves of disruption progressively reinvent the market.

The point about nonconsumers is key to a final variation on the story.

In the K-12 domain, there are few nonconsumers. Pretty much every child has to be in primary school especially, give or take. So the idea that disruptive innovation can find a large group of hungry potential consumers being denied access to the mainstream offering is less compelling.

What Michael Horn has noted is that, while it’s true that schools are not likely to be disrupted in quite the way the disruptive innovation model would predict, and which is happening to their higher education colleagues, it is going to disrupt what goes on inside schools. Hence, as Horn explains, the reason their report on disruption in K-12 is called “Disrupting Class”, not “Disrupting Schools”.

What Horn concludes is that, in the school environment, the impact is something more akin to “hybrid disruption” where the disruptive impact is to much of the content and functioning of aspects of teaching and learning in the classroom (think flipped learning, the station rotation” model) rather than to the whole institution. In fact, by allowing teachers to experiment with ways in which they can use technology and other developments to disrupt the classroom, schools

can harness the otherwise confounding impact of disruptive innovation into a sustaining innovation strategy for the overall institution.

The K-12 analysis is also another useful reminder of an important nuance in the disruptive innovation model, picking up the admission by Christensen that he mis-predicted the impact and success of the iPhone. As in that case, the story of disruptive innovation in schools is about being clear what is being disrupted to really understand both its value and potential impact. Schools can be sustained if they use disrupted classrooms to evolve and adapt their overall role and model.

Not everybody is convinced by the disruptive innovation thesis.

Historian Jill Lepore recently published a critique of Christensen's work, accusing him of a mixture of poor scholarship and selective use of data and performance outcomes.³³

Lepore rehearses the thesis at the heart of the innovator's dilemma. Incumbent executives didn't make bad decisions, but made good decisions. In fact, they made the same decisions they had always made. The dilemma emerges as organisations realize that doing the right thing turns out to be the wrong thing.

So manufacturers of mainframe computers made good decisions about making and selling mainframe computers and devising important refinements to them in their R&D departments, or sustaining innovations as the model describes it.

The problem was that, while they were busy pleasing their mainframe customers, they missed that an entirely untapped customer wanted personal computers. That market was created by selling cheaper, poorer-quality products that initially reached less profitable customers but eventually took over and devoured an entire industry.

Lepore argues that the disruptive innovation calls on the rhetoric of another kind of conflict, in which an upstart refuses to play by the established rules of engagement, and blows things up. "Disruptive innovation," she argues, "is competitive strategy for an age seized by terror."

Where the 18th century embraced the idea of progress, the nineteenth century evolution and the twentieth century growth and then innovation, our era has disruption. Disruptive innovation's history is founded on a profound anxiety about financial collapse, an apocalyptic fear of global devastation. She also claims it's based on shaky evidence.

For example, in the disk drive example that Christensen uses as one of his cases, Lepore claims that Seagate Technology was not felled by disruption. Between 1989 and 1990, its sales doubled, reaching \$2.4 billion, more than all of its U.S. competitors combined, according to an industry report. In 1997, the year Christensen published "The Innovator's Dilemma," Seagate was the largest company in the disk-drive industry, reporting revenues of nine billion dollars. Last year, Seagate shipped its two-billionth disk drive. Most of the entrant firms celebrated by Christensen as triumphant disrupters, on the other hand, no longer exist.

What Lepore concludes is that, in the longer term, victory in the disk-drive industry appears to have gone to the manufacturers that were good at incremental improvements, whether or not they were the first to market the disruptive new format. Companies that were quick to release a new product, but not skilled at tinkering, have tended to flame out.

In the steel example, her criticism of the disruption theory is that it ignores other critical factors, such as labour issues and the impact of unionism. This lays Christensen open to the criticism that the concept has become a theoretical hammer, turning every twist and turn of market dynamics into a disruptive innovation nail.

³³ <http://www.newyorker.com/magazine/2014/06/23/the-disruption-machine>

Another strand of Lepore's critique is the apparent untouchability of disruptive innovation as an idea. She notes that, while most big ideas have loud critics, disruptive innovation as the explanation for how change happens has been subject to little serious criticism. She offers an explanation that pits the "headlong" nature of disruption against the "unhurried" nature of critical inquiry. As a result, disrupters ridicule doubters by charging them with fogysm, "as if to criticize a theory of change were identical to decrying change; and partly because, in its modern usage, innovation is the idea of progress jammed into a criticism-proof jack-in-the-box."

Lepore also claims that the advocates of disruption have an affinity for circular arguments - if an established company doesn't disrupt, it will fail, and if it fails it must be because it didn't disrupt. When a startup fails, that's a success, since epidemic failure is a hallmark of disruptive innovation.

Lepore's critique of the disruptive innovation thesis is that it has picked unreliable cases and used selective statistics to prove its case, has adopted an arbitrary framing in the first place, gets caught up in its own circularity and has become the victim of its own success, manifesting a kind of doctrinal obsession that seems to put it beyond question and beyond criticism.

Her conclusion?

Disruptive innovation is a theory about why businesses fail. It's not more than that. It doesn't explain change. It's not a law of nature. It's an artifact of history, an idea, forged in time; it's the manufacture of a moment of upsetting and edgy uncertainty. Transfixed by change, it's blind to continuity. It makes a very poor prophet.

Christensen hasn't written a full response to the Lepore critique, but has made a few comments in an interview.³⁴ In it, he takes the US Steel criticism head on, and notes that disruptive innovation "is not a theory about survivability."

Have a look at an integrated steel company operated by US Steel, he urges, and come back with some actual data. "Does U.S. Steel make rebar anymore? No, they've been taken out of rebar. Do the integrated steel companies like U.S. Steel make rail for the railroads? No. Do they make rod and angle iron? No. Do they make structural steel I-beams and H-beams that you use to make the massive skyscrapers downtown, does U.S. Steel make those beams? No."

In fact, what they make is steel sheet at the high end of the market. Everywhere else, they have been driven out. Christensen reinforces his point that disruption is a process, not an event.

Christensen's accepts that he mispredicted the success of the iPhone. That was a piece of the puzzle, as he puts it, that he didn't understand. "What I missed is that the smartphone was competing against the laptop disruptively. I framed it not as Apple is disrupting the laptop, but rather [the iPhone] is a sustaining innovation against Nokia. I just missed that. ". What that experience suggested was that, with the disruptive innovation theory, it was important to work out "who are you disrupting?"

Another response to the Lepore critique has come from Clark Gilbert, a former Christensen student who is now chief executive of a digital media business, which has its origins in a 150-year-old newspaper.³⁵

Gilbert rejects Lepore's sense that fear is the great motivator in disruption. Startups, who generally lead the disruption process, are not fearful. Rather, "they are hopeful of finding something new." The primary motivation for the disruptor is usually one of growth, not fear of loss. Google wasn't motivated by fear, and

³⁴ <http://www.businessweek.com/articles/2014-06-20/clayton-christensen-responds-to-new-yorker-takedown-of-disruptive-innovation>

³⁵ <http://www.forbes.com/sites/forbesleadershipforum/2014/06/30/what-jill-lepore-gets-wrong-about-clayton-christensen-and-disruptive-innovation/>

neither was the team at Amazon, or the mini-mills in the steel industry, or Southwest Airlines, or the team at Huffington Post, Gilbert argues. They were motivated by a new growth opportunity that wasn't possible prior to the disruption.

Gilbert also suggests that disruptors' initial growth does not come at the expense of a legacy industry. It is new, net growth that is enabled by the disruption. The full force of disruption only develops as it matures.

Gilbert also rejects the claim that disruptive innovation has been beyond criticism, suggesting instead that people have fought Christensen's ideas from their inception. He also suggests that Christensen's research has been through multiple peer reviews across leading academic publications. The reason it has had such a profound impact is that it has turned out to be a theory that works. The evidence is inescapable that people who harness the forces of disruption find new growth and those who ignore it stagnate or sometimes die.

Gilbert also pushes back forcefully on Lepore's view that disruptive innovators are little more than restless sharks trawling for quick profits. Using the case of Western Governors University,

Gilbert describes a very different set of motivations. The real purpose was to "open up low-cost education to thousands of adult learners trying to better themselves but unable to afford it or come out of the workforce in ways required by traditional academia."

And in a nice point, Gilbert argues that the United States itself is a disruptive innovation, "built by a group of rebels in the colonies who had the crazy idea that people should have the right to life, liberty, and the pursuit happiness and have their rights protected by a living constitutional document."

A final response to the Lepore criticism comes from John Hagel, who describes disruption as "the sudden demise of leaders or incumbents in particular markets or arenas."³⁶ It is a demise typically brought about by one or more players adopting a different approach to a market or arena that represents a significant challenge to the established position of existing participants. And the consequence of disruption is that it turns the assets of incumbents into potentially life-threatening liabilities.

Although the cases of disruption are well known, largely as a result of Christensen's work – and he cites Kodak, Borders, Digital Equipment Corporation for example – Hagel argues that they are the tip of a much bigger iceberg and that his evidence suggests that "disruption is spreading."

He looks at the "topple rate" or the rate at which leading companies fall out of their leadership position. His research has looked the rate at which public US companies in the top quartile of return on assets performance fall out of this leadership position. Between 1965 and 2012, the topple rate increased by 40%.

Hagel quotes another measure from work by Dick Foster, who looked at the difference between the lifespan of companies in the top flight. In 1937, at the height of the Great Depression, a company on the S&P 500 had an average lifespan of 75 years. By 2011, that lifespan had dropped to 18 years – a decline in lifespan of almost 75%.

There are many explanations for these trends, including policy changes, changing macroeconomic conditions, bad management and the forces of creative destruction. But these, Hagel claims, "are not enough to explain the persistent and deep disruptions whose frequency and intensity appear to be increasing."

Hagel's own work focuses in the interplay of digital technology and economic liberalization, which has seen a dramatic increase in the free movement of goods, money, services and people across physical and digital borders.

³⁶ http://edgeperspectives.typepad.com/edge_perspectives/2014/06/the-disruption-debate.html

He recognises that there have been major disruptions in the past – the steam engine, electricity, and the telephone. But In all those prior technology disruptions, he argues, we saw “a dramatic burst of innovation in the core technology followed by a rapid stabilization with only modest incremental improvements in price/performance afterwards.”

Digital technology is turning out to be different. It's the first technology that has “demonstrated sustained exponential improvement in price/performance over an extended period of time and continuing into the foreseeable future.” There appears to be no stabilization in the core technology components of computing, storage and bandwidth, which means there is no stabilization in infrastructure. In that sense, cloud computing is simply the most recent manifestation of this infrastructure “and it certainly won't be the last”. The consequence is disruption, that is, “no stabilization in terms of how companies can use this technology to create and capture value.”

The question arises whether disruptive innovation is a frame that either should or could be applied to the social and public innovation space.

Part of the critique of Christensen's thesis is a view that the disruptive innovation approach is advanced as an almost doctrinal thesis for pretty much any and every ailment besetting an industry or a sector. Also, there is an equivocal response from those who feel that, regardless of the power of cheaper, less capable but adequate solutions to genuinely disrupt, the thesis misunderstands and unnecessarily discounts the continuing need for high end expertise and deep knowledge that comes from long-term commitment, not the short term search for quick profits or market share.

A little like the critique from Geoff Mulgan of the dangers of oversimplification of the solvent powers of design on contested and complex social problems,³⁷ the critique of disruptive innovation's application to the social policy domain might also point out the enduring importance of other perspectives – psychology, deep domain expertise, the skills of policy making, macroeconomic settings and decisions, public investment (or the lack of it), public leadership and so on.

But those warnings notwithstanding, it is hard to argue against the central thesis that disruptive innovation's capacity to turn an instinct for agency and choice into a practical reality for often marginalised and disadvantaged people and communities should not be lightly dismissed as a weapon in the campaign to shift the structural causes of inequality. By constantly looking for ways in which new, cheaper and simpler ways for people to solve problems or create opportunities in their lives, and the lives of the communities around them, disruptive social innovation could be a similarly critical part of the process of shifting power, resources and agency into the hands of more and more people.

And the implications for the current structure of power, authority and opportunity should be the same in the social sphere as Christensen argues it has been in the corporate sphere. It undermines large and often complacent incumbents, introduces new competitors and, by definition, redistributes opportunity that impacts people's life chances at scale and often very rapidly.

Several observations emerge about the implications for a wider discussion of social innovation, and its disruptive ambitions, and the underlying theory of disruptive innovation:

- The dynamic of disruptive innovation, whose impact is difficult to ignore, is fundamentally about shifting power and lifting agency. As Christensen describes it, the idea that there are ways to make previously elite and expensive tools and solutions available, albeit it in a cut down version initially, to a much wider group of people previously shut out of their use and benefit, is a genuinely revolutionary instinct. Entrepreneurs who find cheaper and more accessible ways to make the core functionality of

³⁷ http://www.nesta.org.uk/sites/default/files/design_in_public_and_social_innovation.pdf

previously expensive and distant technologies available at scale are agents of social change.

- Disruptive innovation is an idea that has to live with the same risk as other similarly attractive ideas, like design thinking for example, (or social innovation itself, for that matter) of being turned from useful insight and testable hypothesis to unquestioned doctrine.

The risk is that it becomes a kind of magic balm, applied unthinkingly to all sorts of complex and contested issues when the need is for a more complex mix of analysis and prescription, drawing on a range of other insights, expertise and experience.

- Social innovation's potential to play a part in shifting the structural causes of inequality, and to tackle any number of other related social challenges and risks, relies on its capacity to adopt many of the characteristics and practices of the underlying concept of disruptive innovation.

Disruptive social innovation, in that sense, is the same in many ways as disruptive innovation, to the extent that both are about finding cheaper, more accessible ways to do something or offer a service or benefit to larger groups of people who would otherwise miss out. Disruptive social innovation is one potentially powerful tool in the portfolio of tools and techniques that can be brought to bear on the big social dilemmas to which we are seeking sustainable solutions.

9 The new public work

It clearly wasn't designed to, but this insight provides a useful summary of some of the attributes that animate the idea of the new public work:

We are now at the tipping point of a new paradigm that is based on co-creation. The knowledge society and information age are only transitory steps. The co-creative paradigm reflects the shift from vertical control and command towards horizontal peer sharing among and between communities. We live in a complex world pervaded by openness, adaptation, interdependence, speed, participation, networks, trust, integrity, passion, sharing, holism, non-linearity, and above all, self-organization and emergence.³⁸

In one long and energetic sentence, the description either directly or implicitly touches on many of the values and trends that describe the emerging contours of the new public work.

So what is the new public work and how useful is it as a way of framing the larger institutional task to which disruptive social innovation can make a signal contribution and in the context of which its promise and potential make sense?

The new public work is a way of describing the way we conceive, design, fund, deliver and evaluate the systems and services that shape, and often determine, the quality of the lives we lead as individuals and in common.

Our lives in common refer to those parts of our lives that are not purely either individual or social or the exclusive domain of government and the formal structures of the public sector, but which are public assets and capabilities without which it would be harder to live together well or achieve the things that can only be achieved collectively.

Those assets and capabilities include trust, the ability to determine shared values, giving practical and legitimate effect to notions of the public good or the common interest, building and sustaining coalitions of support for long term, often difficult and contested policy and governance reforms and investing in, and

³⁸ <http://www.kosmosjournal.org/article/new-global-governance-is-in-the-making-and-it-looks-good/>

sometimes delivering, the physical and digital assets, infrastructure and services that enable fairness, opportunity, growth and sustainability.

The new public work reflects and reinforces the shift towards a networked information economy and a desire to exploit its tools, platforms and culture to lift individual agency and 'self-authoring' capability, improve the quality of public debate and redistribute the power and assets necessary to shape shared culture.

Elements

The new public work combines four elements into a "diamond" whose strength is a function of their interaction and interdependence:

- The best of the "old" public work – public investment, the skills of public leadership and good policy, rigour and expertise, transparency, equity, accountability and a concern for the public or common good (the idea is that the new public work is as much about the renovation and transformation of the old public work, in the rush for new and innovative solutions, we should avoid the risk of leaving behind insights and lessons from the past, as well as skills and values, that remain useful and relevant.

How do we innovate and break old models while still preserving key ideas and insights from the past) <Reference Gilbert and dual transformation>

- Engagement with well-designed and vigorous markets that, at their best, bring creativity, energy, insights and urgency to the creation and spread of wealth, innovation and opportunity
- Much greater reliance on, and room for, "amplified" individuals in self-organising communities of influence and practice, operating in new and old patterns of association within civil society, which are capable of new levels of collective insight, innovation, engagement and action
- The new literacy of networks, which maximize the opportunities, and manage the risks of, the rising art and practice of connectedness.

Attributes

The new public work reflects and reinforces a common set of attributes and practices. It builds, and feeds off, rising stocks of trust and legitimacy, primarily by improving engagement, participation and collaboration with amplified individuals seeking agency and influence.

It also adopts an approach that "open sources" the problem, not just the technology. It seeks to grow the number of people and communities with problem-solving capabilities that match their local needs and circumstances rather than seeking to scale the impact of centrally-mandated "solutions" and services.³⁹

As well, the new public work public work is "public" by virtue of its reach, and scope and its impact on the lives we lead in common as well as by the degree to which it can be held to account through transparency and openness. It is not a function of the organisational type or institutional location of those responsible for its delivery.

These are some of its other attributes:

- Nurturing, but evolving the habits and skills of good government and the deep craft of public leadership.
- Harnessing the skills, experience and assets of the private sector and civil society as well as the creativity that bubbles out from loosely coupled, but

³⁹ This is an idea developed by Ashwin Mahesh, Bangalore-based entrepreneur, politician and policy advocate - <http://ashwinmahesh.in/>

increasingly powerful networks and communities of innovators, entrepreneurs, customers and citizens.

- Becoming increasingly adept at using the new literacy of distributed networks that forge more effective relationships between the centre and the edge or between the “cathedral” and the “bazaar”; evolving existing, or inventing new, institutions and processes based less on egocentric and more on network-centric thinking...learning how to thrive in, and leverage, “a web without a spider.”
- Learning how to build “rooms” (as in “the smartest person in the room is the room”) by adopting boundary-spanning collaboration.
- Changes systems by solving problems, which demonstrate how things could work differently.
- Adept at creating and using assets, expertise and resources that combine and combust in the spaces between organisations, institutions and sectors.
- Across different facets of the welfare system, and other public work policies and programs, early intervention is privileged to prevent, as far as possible, more expensive interventions later in the cycle of breakdown and failure.
- Using the growing capacity for engagement and action through hybrid forms of digital and physical movement-building and collective action for shared interests and values.
- Dispersion of, and easier access to, the tools and capability to create and use data, information and knowledge particularly accelerated by digital tools, platforms and sharing cultures.
- New relationship between organisations and institutions and their customers and users based on co-creation and co-production and greater levels of transparency.
- A new constitution of legitimacy away from the centre and towards the edge or, at the least, based on a new settlement of control, authority and accountability between the centre and the edge.
- A persistent need, in some situations, for the capabilities of organizing, decision-making and action that remain largely associated with hierarchy and centralised command-and-control, but which themselves are impacted by underlying commitments to new standards and practices of transparency, participation and accountability.
- A reliance on markets, well designed and properly functioning, to create and spread wealth, drive innovation and creativity and lift choice and value for consumers and communities

Like the new public work, social innovation embraces both a problem-solving (incremental) and a system changing (disruptive) dimension on the one hand and, on the other, stresses the investment in creating, as a consequence, steadily accumulating capabilities to do social innovation more effectively over time.

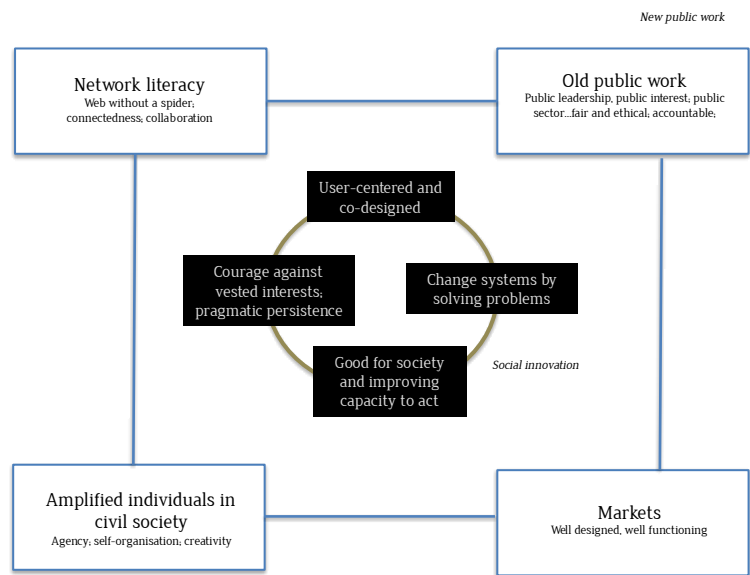
In exactly the same way, and taking a lead from its engagement with social innovation as one of its chief engines, the new public work is not only interested in responding to the big social and other risks and opportunities it confronts, but as a function of that work building up the underlying capabilities on which sustaining those responses, and developing new ones over time, relies.

In that sense, both social innovation and the new public work share the same dual features at their core - solving problems and changing systems and, as a result, making it more likely that we can solve problems and change systems more effectively into the future.

The attributes and features of the new public work are essentially an amplified version of the attributes and feature of disruptive social innovation. To put the relationship another way, the features and practices of social innovation are the same as the features and practices required, and increasingly being applied, in the new public work.

The approach to policy, public governance and common or collective action that the new public work is manifesting relies increasingly on the qualities that social innovation brings. In the role it plays at the heart of the new public work, social innovation can fulfill the best and most ambitious of the aspirations for its future trajectory and impact.

One way to illustrate the way the new public work might evolve is to use the analogy of the open source software movement as an analogy.



In his 1996 essay⁴⁰, Eric Raymond presented an analysis of the difference between the essentially closed, hierarchical and elite “cathedral” approach to software writing and the open, connected and democratic “bazaar” approach. He asked the question why it was that the bazaar – open source software – seemed to not only work, but often work better in conditions that put a premium on speed and rapid response to emerging needs and preferences.

The story he tells offers one useful way to prefigure at least some of the ways in which many of the same instinct, tools and habits that have now entrenched themselves as a powerful way to design and write software might work themselves out in the new public work.

A detailed analysis of Raymond’s essay, and its implications for the discussion about social innovation and the new public work, is at [Appendix 3](#) to this paper.

10 Disruptive social innovation, inequality and the new public work

These five consistent insights from the review of social innovation context and practice help to pull together some of the threads of the argument presented in this paper.

1

Social innovation is a fluid, contested and context-dependent idea whose simplest definition is the development of different ways to solve difficult and entrenched social problems that improve people’s lives and, in the process, add to society’s capacity to solve difficult social problems. It combines a process component – how innovation is done – with a product or outcome component – what impact the innovation has on the problem and its surroundings systems.

2

Its theories are practice-led and design-focused, starting and finishing with the

⁴⁰ <http://manybooks.net/titles/ramondericothero5cathedralandbazaar.html>

rhythm and quality of the lives of people and communities. It is about innovating solutions to particular problems.

It is about power, control and authority. It is rarely considered successful unless it has worked some deeper, positive shift in the social relationships that inform the systems and institutions whose behaviour and interaction give rise to the risks and opportunities to which it is directed.

3

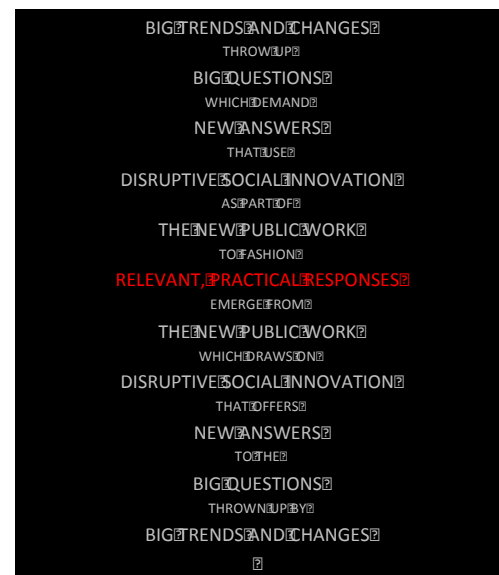
Social innovation can come from anywhere, be conceived by anyone in any sector and have a wide range of impacts on the lives and opportunities of any community or individual. It rarely emerges from any single sector or organisation but, instead, is increasingly characterised by boundary-crossing collaboration. Its practice draws on resources, assets and expertise whose power is unlocked as a function of the extent to which they combine and combust in the spaces in between organisations and sectors.

4

Social innovation becomes disruptive to the extent it takes on the core characteristics of disruptive innovation more generally, which focus on putting adequate, but less expensive and more accessible tools, good and services into the hands of more people who have been excluded from expensive, over-engineered and elite products and solutions whose market or social dominance is, as a consequence gradually eroded.

Disruptive innovation makes a practical contribution to structural inequality by transferring power, resources and therefore agency to larger numbers of usually excluded people and communities. The promise of disruptive social innovation is that it will do the same.

The Logic?



5

The significance of the social innovation project can be construed in either minimalist or maximalist terms.

The minimalist construction confines social innovation to a social policy and nonprofit or civil society domain. The maximalist construction assumes that, living predominantly, but not exclusively, in civil society, the task for social innovation is to go out into the world to engage business, government and civil society to use its peculiar mix of skills, tools and methods not just to fix problems, but to change the world.

Whichever end of the story you start from, of social innovation's impact on, and role in, the new public work, it ought to be possible to follow the thread from the largest canvass of trends and shifts in the wider social, political, economic and technology context to the immediate, practical and relevant responses to specific problems that social innovation is capable of delivering.

And starting from the other end, it ought to be possible to make sense of the way social innovation sets out creating relevant and practical responses to the problems it seeks to solve by reference to the larger public work that, in turn, is

trying to find new and better answers to the big questions that emerge from the shifting trends of the larger context.

What this paper has described is a chain of connection that starts with the nature of the future and the trends and changes that it is shaping.

Those trends and changes throw up two big questions, one about the best way to tackle a tangle of complex and interconnected social problems, including the structural causes of inequality, and the other about renovating or inventing the requisite institutional culture, practices and tools of public governance on which success relies.

What we are witnessing is the emergence of a set of new answers to those questions, partly animated by the instincts, tools and practices of disruptive social innovation. That work, to find good answers to the two big questions the future is throwing at us, is the focus of the new public work.

Social innovation finds its true purpose and value at the heart of that work, taking a view of its mandate that is as large and ambitious as it has to be, at the same time, realistic, practical and immediate as it tackles those problems people and communities who want to solve.

To state it again – social innovation is part of the new public work, which is tackling two big questions that the future has presented and to which it seeks both practical answers now and a rising capability to continue finding answers as the problems, and the future, keep changing.

For some, social innovation, whether incremental or disruptive, is largely irrelevant to the bigger institutional and structural causes of many of the problems to which it tries to address its tools and methods.

According to this view, there is a persistent mismatch between the scope and structure of the “wicked” social challenges we want to solve, including inequality, and the lack of matching scale in many of the promising, but essentially small and disconnected outbreaks of innovation that can make a difference locally, but rarely threatens underlying systems and structures.

This dilemma is especially true in the debate about inequality.

Even if it is accepted that (a) inequality exists, (b) it might well be getting worse, at least in some places and (c) it is bad for people and bad for the system of capitalism itself, the question arises - what to do about it?

There seem to be three broad schools of thought in response:

- Do nothing (because it's not really much of a problem and the system will sort itself out, over the long term)
- Redouble the efforts of large, mostly top-down structural and policy change, using the big levers of “predistribution”, redistribution and other elements including education and skills, taxation, trade and innovation policy
- Harness the new dynamics of the networked, post-industrial economy to harness the opportunities of entrepreneurial innovation which is working in much smaller pieces and at a small scale, but which, largely through new forms of technology-mediated collaboration, is unleashing new sources of wealth and opportunity that can achieve scale by spread (basically, a “small pieces, loosely joined” model of economic opportunity and wealth creation).

The “do nothing” school of thought concludes that you can either have equality or you can have freedom, but you can't have both.

If you choose freedom, including the freedom of the markets and capitalism and all of the benefits that ensue, then a certain measure of inequality is both

inevitable and necessary. This reflects natural and unequal differences in skill, aptitude and effort. These differences are neither fair nor unfair, but simply a reflection of the way the world works.

Attempts to intrude into that process are often going to be wrongheaded or poorly executed anyway, at least according to the evidence of serial policy missteps and outright disasters. As well, the process of taking resources away from some to give to others on the basis of various (contested) claims of redistribution and solidarity is as unfair as the original differences that process claims to ameliorate.

The structural school of thought starts from the assumption that doing something about inequality is an endeavour that can only be undertaken at a scale that matches the scale of the problem.

Given the deep structural causes of, and potential solutions to, the evidence of unequal outcomes, the best response has to gather together all of the available system changing tools and interventions available to make a real difference.

That means doing big things, largely from the centre and top down, through big licks of government policy making and public investment, to impact things like education and skills formation, taxation and redistribution, trade policy, legal structures around property rights, especially intellectual property rights, innovation policy and public investments in pure research and development. As well, policy directed at the big ticket infrastructure items that create wealth and jobs in their own right and also lay down the enabling technologies and infrastructure that make the whole system more efficient and productive, is critical.

Traditionally, structuralists have been either blind to, or dismissive of, the smaller, but increasingly networked efforts of those working to ignite and then spread smaller pieces of entrepreneurial energy that creates jobs and wealth.

To their way of thinking, these efforts, however intrinsically worthy, can never achieve the necessary scale to make a real dent in the problem.

But this smaller, more local space is exactly where the networked entrepreneurial school of thought tends to work, nurturing a dynamic of problem-solving innovation to create wealth and a gradually spreading equality of opportunity at a wholly different scale.

It's probably true to say that, for the most part, the big policy structuralists and the networked entrepreneurs, which have also traditionally included the rising armies of social innovators and activists at both a local and global level, have been locked in something of a dialogue of the deaf.

Neither, perhaps, has taken the time to truly see the work and understand the motivations of the other, to the point where each group works in more or less splendid, but increasingly dysfunctional isolation. They are each busy assaulting the big and complex problems they both want to solve from different starting points. But they would likely be much more effective if they could ever collide than they are proving to be in their still largely fractured misalignment.

If disruptive social innovation has something distinctive to offer in the effort to confront the structural causes of inequality (and it does), it will be because it can bring the best of what disruptive innovation always does – make resources, solutions, services and opportunities available more cheaply to more people.

But it is also likely that its best efforts will be rendered much more powerful to the extent that they connect with, inform and complement the best of the increasingly sophisticated work of the policy-making, lever-pulling structuralists.

By the same token, the work of the structuralists toiling deep inside their impermeable cathedrals of power and authority (and which, by the way, are themselves eroding alarmingly underneath them, according to Moises Naim and others), would be improved considerably if they could see and hear the work of the entrepreneurs and innovators who are busy inventing, testing and spreading successful solutions to the very same set of problems.

The framework that links disruptive social innovation especially to the work of tackling the causes of inequality has a strong logic that locks these two issues together.

Social innovation is critically relevant to loss of trust issues because it isn't top down.

While it needs to engage with the structuralists and the pullers of big policy levers, it's also fair to suggest that those very same players have brought about or exacerbated much of the current landscape of inequality. Social innovation of the truly disruptive kind offers a radically different approach. Disruptive innovation is what you need when you have an incumbency problem, in much the same way that disruptive innovation has emerged in response to markets that have been skewed or broken by large, complacent incumbents.

Inequality, climate change and many of the other big social risks on which social innovator set their sights are all about, in one form or another, self-defending incumbents whose behaviour needs to be disrupted.

Disruptive innovation is not just a fashion; it's the only available tool that addresses incumbency, and, at the same time, rebuilds trust and legitimacy that the behaviour of incumbents and elites have eroded.

Its chances of success for social innovation in its broad endeavour to spread and sustain equality, opportunity, freedom and resilience in the face of volatile change and connectedness, would be much higher if the work of disruptive social innovation and the work of big structural policymaking connected. In the process, each might learn from, and be influenced by, the other's work, culture and outlook.

It is a classic case of centre meets the edge or, to adopt Eric Raymond's analogy, a case of cathedral and bazaar working out that they need each other to be truly transformative.

If they took the time to look and understand, they would each work out that their joint and several assets of skill, insight, expertise and energy are necessary to feed the engine of sustainable and equitable prosperity which is, in turn, the only hope of realizing social innovation's highest aspiration - people living flourishing lives of "greater intensity, broader scope and higher capabilities."

A continuing sole or over-reliance on big structural responses to solve these complex problems, driven by large institutional investments in policy and legislation, misses a couple of important things.

One is the persistence, and in some cases, steady deterioration, of the problems themselves, in the face of which many of the large-scale, structural efforts seem to be less and less effective.

But the other is rising evidence that the apparent mismatch of scale and structure between the problems and the solutions which social innovators offer belies a deeper trend.

According to this view, a combination of cultural, social, political and especially technology trends is empowering networks of innovators, citizens, entrepreneurs and, it has to be said, some larger institutions as well, to start changing systems by solving problems with and by people and communities.

More importantly, these rapidly forming networks of innovators and investors are busy creating new capabilities for self-organised, networked insight and collective action, which in turn is helping to steadily grow the new capabilities for large-scale change and reform.

What is the requisite relationship now between these two schools of thought and practice? How can those who continue to invest their faith in policy and large scale structural interventions get to hear, see and learn from those who are busy experimenting with new ways to make a difference to the same problems, but closer to the ground and, in the process, shaping new practice?

By the same token, how can entrepreneurs and social innovators make common cause with the bigger systems and institutions that form the context for the problems they are trying to solve and, in the process, create new connections that match breakthrough innovation with impact at scale?

To the extent that it is about ...

- People living flourishing lives of “greater intensity, broader scope and higher capabilities”
- User-centred co-creation, privileging creativity and agency
- Always starting with the wisdom, experience and aspiration of ordinary people and the communities in which they live and work
- Linking loose, but increasingly powerful networks and communities of innovators and entrepreneurs to bigger, settled public and private institutions of governance, commerce and community (and changing the way they think, work and act in the process)
- Redistributing power, resources, control and authority
- The intelligent use of design skills and tools, mixed with other policy skills and specialist expertise, and
- Solving problems as a way to change the bigger systems in which they are embedded...

...social innovation is at the heart of a new public work which seeks to bring these strands of theory and practice together.

Appendix 1

Shifts and trends

Understanding the emergence of social innovation requires some understanding of the context from which it has emerged and in which its distinct style and contribution makes sense. That starts with predictions about the future and about the emergence of a set of risks and opportunities to which social innovation can be a big part of the solution.

There are no shortages of views of a more or less complex, uncertain and volatile future.

Megatrends

In the 2012 update version of their report, *Our Future World*, Australia's CSIRO picks up six "global megatrends that will change the way we live."⁴¹

Two of the trends focus on sustainability – risks of depletion of food, water, energy and mineral resources and the fragile state of some of the world's natural habitats, plant species and animal species.

Another trend tracks the shift of economic gravity from west to east, reflected in the rapid and dramatic rise of many of the major economies of Asia. A fourth trend picks up a big demographic challenge, which is also construed as an opportunity, as the country's population steadily ages. And a fifth trend picks up a world defined increasingly by the pervasive connectedness of a digital world.

The final trend is labeled "great expectations", which speaks to the "rising demand for experiences over products and the rising importance of social relationships."

The report from the Oxford Martin Commission for Future Generations, *Now for The Long Term*,⁴² brought together an impressive array of thinkers and leaders – Pascal Lamy, Amartya Sen, Nicholas Stern, Chris Patten and Nandan Nilekani among them – to tackle the implications of one big problem:

"...the increasing short-termism of modern politics and our collective inability to break the gridlock which undermines attempts to address the biggest challenges that will shape our future."

The Commission pulls together its own list of megatrends grouped under seven headings:

- Demographics (large, ageing populations)
- Mobility (urbanisation and a growing middle class)
- Society (inequality and unemployment)
- Geopolitics (power transitions)
- Sustainability (resource insecurity)
- Health (shifting burdens of disease)
- Technology (information and communications revolution).

Some of the five challenges which the Commission then forms from these trends are familiar to the discussion in this paper. For example, the Commission asks "how can growth and development be made more sustainable and inclusive" and, in another of the challenges, "how can businesses, institutions and governments contribute to more inclusive and sustainable growth?"

How the world responds will be a function of five shaping factors, the Commission argues. Chief among them are the failure of many institutions to adapt to a more connected world, declining levels of political engagement and

⁴¹ <http://www.csiro.au/Portals/Partner/Futures/Our-Future-World.aspx>

⁴² <http://www.oxfordmartin.ox.ac.uk/commission>

public trust and the rise of problems that escalate much more rapidly than they can be solved.

Finally, five principles provide the foundation of the Commission's "long term now" agenda – creative coalitions; innovative, open and reinvigorated institutions; finding ways to "revalue the future"; invest in the younger generation and establish a common platform of understanding, or how to fashion a "collective vision for society."

One final glimpse into the future comes from the World Economic Foundation's Global Agenda Update.⁴³ The report puts together its latest inspection of the future from a combination of 10 top trends, a future agenda of shape-making themes and an underlying focus on networked thinking.

Amongst these trends are some familiar insights, including widening income disparities, persistent structural unemployment, intensifying cyber threats, the growing importance of megacities, inaction on climate change and a "lack of values in leadership."

As the report puts it in the analysis of the focus on inequality:

"Widening wealth disparity affects every part of our lives. It's impacting social stability within countries and threatening security on a global scale, and looking ahead...it's essential that we devise innovative solutions to the causes and consequences of a world becoming ever more unequal."

From this review of the shaping trends, the WEF analysis picks some "big questions" that form a future agenda. And some of the questions are certainly big – are we witnessing the beginning of the end of democracy, asks the report, amongst a series of a questions dealing with biotechnology, the future of multinationals, the future of the Arctic and the future of digital surveillance.

In a series of insights that conclude the Update, WEF's analysis opens up some fundamental challenges, which will resonate through the discussion about the future of social innovation.

For example, IDEO CEO Tim Brown suggests that we have to think very differently about the physical world where every object and space collects and shares data that helps whole systems learn. That means we should think about physical objects "as pieces of software that are constantly evolvable, and which can be constantly designed." At that point, he notes, "the world starts to look more like a complex biological network than a machine."

In another insight, the report looks at "innovation at the edge", a dynamic fueled by a rapidly diminishing cost of creating science and technology which, in turn, means that "some of the highest impact developments are happening in unfunded startups, not in big research labs." Innovation is being pushed to the edge, where there is less control.

There are other themes and ideas that add to the wider context within which the discussion about social innovation's future is taking place.

Design, digital and data

A combination of design, digital and data is providing the basis on which new methods of service design and delivery are being trialled across the range of complex human services and other social domains including health, education, justice and community safety.

The examples and framing of this surge captured by Bill Eggers, for example, as a "solution revolution" provides a good window into this world where different groups of funders, designers, technologists and policy makers are taking a fresh

⁴³ <http://www.weforum.org/reports/outlook-global-agenda-2014>

look at how to lift quality, grow reach and impact, lower costs and improve productivity.⁴⁴

Similarly, this recent post from Nesta⁴⁵ about the emerging field of digital social innovation, which in turn refers to a list from the Nominet Trust of 100 social innovations⁴⁶ that are using digital and design in powerful and creative new ways, reinforce the rate at which new approaches to social dilemmas are being conceived, tested and often scaled.

The risks of turning these new approaches into either a fetish or a new doctrine, or both, are called out, though, even as these new trends assert themselves as powerful new tools with which to tackle complex social problems.

Geoff Mulgan's recent warnings⁴⁷ about the rise of design and design thinking as a positive and useful contribution to public and social innovation are instructive.

The basic message is that design as a discipline and as an approach to problem solving has a lot to offer to public and social innovation if it can be effectively blended with a mix of other skills and expertise. The possibly slightly caricatured notion that design can somehow, in and of itself, solve some of the complex problems to which it is increasingly being addressed, creates some resistance to accepting its potential.

"Designers," Mulgan suggests, "now need to find a humbler tone, to pay more attention to results, to attend to the 'deep craft' that's needed for successful public innovation, and to recognise that they are most likely to achieve their best within teams bringing together complementary skills." In particular, any use of design as an integral part of social innovation has to pay more attention to economics – making sure that what is being proposed is cost-effective – and to "organisational issues and cultures, (which condemn) too many ideas to staying on the drawing board."

As he points out, the "deep craft" needed for innovation in fields like education or health is as likely to have its roots in psychology as in engineering, in social dynamics as much as physical ones.

Cities and regions

The rise of cities and their regions is a much-noted and widely annotated phenomenon as the 21st century turns relentlessly urban.

For this discussion, the urban frame raises new questions about inequality and social stress as many of the new structures of work, creativity and economic energy are at risk of simultaneously opening up opportunity for some and closing it down for others.

The gap between where people need or want to work, and can afford to live, is growing alarmingly. The ability to provision not just the hard infrastructure of energy, water and transport in old or relatively new, but always booming and bulging cities is being trumped in many cases by the equally demanding requirements of soft infrastructure – social connections, better governance, new types of conversation between citizens and their cities – whose impact on the social life of cities is beginning to be noticed and understood

The work of analysts like Bruce Katz has shown how much national economies in the developed and developing world are being replaced as a useful frame of policy, investment and social and economic action by cities, regions and the connections between them.

The basis of this revolution is that cities and metropolitan areas are the engines of economic prosperity and social transformation in the US. The

⁴⁴ <http://www.solutionrevolutionbook.com/>

⁴⁵ <http://www.nesta.org.uk/digital-social-innovation>

⁴⁶ <http://socialtech.org.uk/nominet-trust-100/>

⁴⁷ http://www.nesta.org.uk/sites/default/files/design_in_public_and_social_innovation.pdf

country's 388 metropolitan areas are home to 84% of its population and generate 91% of national GDP. Metros dominate because they concentrate the innovative firms, talented workers, risk-taking entrepreneurs, and supportive institutions and associations that coproduce economic performance and progress. There is, in essence, no American economy. Rather, the national economy is a network of metropolitan economies.⁴⁸

Katz notes that the world's 300 largest metro economies now contain approximately 19% of the global population, but account for 48% of world GDP, according to the 2012 Brookings Global Metro Monitor report.

The top 50 metropolitan areas in the EU harbour 36% of its 502 million people, but generate 43% of its \$16tn of GDP.

The same story can be told in Australia, where a recent report from the Grattan Institute⁴⁹ has charted that 80% of GDP is produced on 0.2% of the landmass. 10% of GDP comes from just 7 square kilometers at the centre of Sydney and Melbourne.

What is becoming clearer is that the crucible within which many of the policy challenges and human dilemmas to which social innovation is, or aspires to be, part of the solution will increasingly play themselves out in an urban context.

Richard Florida and his colleagues at the Martin Prosperity Institute, for example, have looked at differential outcomes for different populations in cities and regions in the US going into, and beginning to come out of, the financial crisis. Crunching the gini coefficient numbers across America's cities, Florida concludes the troubling reality of America's ongoing economic recovery has been "just how differently the recession and recovery have played out for the wealthiest households and for everyone else." The statistics suggest the rich are getting richer, and income inequality is growing⁵⁰. <Reference

Big national questions, and global challenges, don't go away or become any less urgent. And sometimes they require big, national and global responses. But more and more the playing field will be in and with the city and the way the city connects to other cities across a country and around the world.

Institutions

Another part of the larger context is the shape-shifting impact of technology on the role and work of institutions. In government, business, science and education, digital disruption is working itself out in some unsettling ways.⁵¹

Technology is changing the shape of institutions that, in turn, determine the economic, social and political shape of the societies they serve. Technology breaches boundaries of scale and structure and disrupts the way institutions work and behave, including their models for organising and coordinating. The impact of digital technology on institutions is shifting power, testing authority and transforming the constitution of legitimacy on which they rely.

Institutions have to recognise that technology, and the habits of mind and practice that it feeds and needs, also creates alternative ways to create and share meaning. If institutions fail to adapt to the new models of organising and collective work, they will be bypassed altogether. In order to respond and adapt successfully, they need to become more actively involved in creating alternative methods, which will disrupt their own standard.

⁴⁸ <http://www.brookings.edu/research/articles/2013/10/29-metropolitan-revolution-europe-bradley-katz>

⁴⁹ <http://grattan.edu.au/report/mapping-australias-economy-cities-as-engines-of-prosperity/>

⁵⁰ <http://www.citylab.com/politics/2014/08/where-the-great-recession-made-inequality-worse/375480/>>

⁵¹ Some of this discussion of the impact of digital technology on institutions is adapted from Changing Shape: Institute for a Digital Age, Martin Stewart-Weeks and Lindsay Tanner, Longueville Media, 2014

Institutions have to discover new levels of openness, which reflect and inform the ethical, political and social implications of their work. They have to forge new links to increasingly connected and knowledgeable communities and networks creating very different architectures of engagement and accountability.

This observation, taken from a recent Duke University study of the impact of technology on civil society organisations (called, suitably enough, “Disrupting Philanthropy”), flags the bigger question for all institutions as they adapt to the more connected and open operating environment in which their work has to make sense and will increasingly be tested.

“...the corrosive impact of technology is ushering in a period where “peer-supported, data-informed, passion- activated and technology-enabled networks represent a new structural form in philanthropy.” And the implications are clear. The institutions that support these new networks of engagement and participation “need to be as flexible, scalable and portable as the networks they serve”.⁵²

Government and governing

Working out the future for social innovation is an undertaking heavily influenced by what is happening to the art and practice of governing and government. In fact, the two things are inextricably linked. Governments around the world are at various stages of engaging with the tools, techniques and practices of social innovation, often driven by an anxious search for better ways to deal with a crowded agenda of complex problems, which are stubbornly resisting the assault of many of the traditional methods of public policy intervention.

At the same time, social innovators are busy doing what they do best – imagining, designing, building and testing a bunch of new ways to fix exactly those problems, or at least make a substantial dent in their architecture and consequences. And even as those experiments form, shift, sometimes disappear and get replaced by new ones, there is a rising conversation amongst at least some in that community about better ways for their work to be absorbed into the mainstream practices of government and public policy.

The evidence is hard to miss. Ventures like Mindlab, some of the hybrid initiatives with government being pioneered by Nesta, the work of the Australian Centre for Social Innovation and the social innovation adventures, often led by maverick public leaders from the inside, in places like Medellin in Colombia or cities like San Francisco, New York, Amsterdam and Bangalore are all signs of a rising confidence that social innovation has something important and distinctive to offer.

And it’s not just social innovation in the frame. Pretty much anything that promises to prosecute an agenda of clearer, more imaginative thinking harnessed to the execution power of public investment and implementation systems is being closely looked at.

The application to areas like health and education reform by Clay Christensen and others from the world of disruptive innovation is one example.

How public leaders and their bureaucratic executives can adapt the lessons of frugal innovation, the kind of innovation that can happen when there is, almost literally, nothing to work with in terms of people, money or existing assets, is another.⁵³

New conversations, and some more or less tentative explorations by public agencies with the ideas of open innovation, co-creation and design thinking, provide yet more evidence of the distance being travelled beyond the normal

⁵² http://cspcs.sanford.duke.edu/sites/default/files/DisruptingPhil_online_FINAL.pdf

⁵³ <http://www.palgrave.com/page/detail/the-frugal-innovator-charles-leadbeater/?K=9781137335364>

boundaries of public sector and government practice to find better, cheaper and more effective ways to solve public problems.

The innovation debate is also partly about rediscovering the enduring role that governments have played for a long time now as generous, imaginative and demanding investors in big pieces of core or basic research and development which, time and again, have led to astonishing commercial and public benefits in new products, new services and new institutions and business models across so many sectors.

Marianna Mazzucato's has reminded us that the "entrepreneurial state" has been a tireless and necessary investor in the kind of deep expertise and patient experimentation from which great results, intended and unintended alike, have emerged to change peoples lives and shift the course of history.⁵⁴

The upside from all of this experimental ferment is substantial. Complex problems are starting to yield, at least in some measure, to new ways of framing and new modes of working.

An example is the rising conversation about the need to move welfare and human service systems away from an essentially episodic and transactional basis to a more sustained and relational engagement, at least with those people and communities confronting complex risks that are both interdependent and often intergenerational.⁵⁵

The definition of what constitutes public work, who gets to do it, how people are invited into the mix to add their peculiar skills and expertise and the way in which policy, legislation, regulation and services are being designed and put into practice are all up for grabs.

But there is a downside too, of course. Nothing that has to do with the often arcane and convoluted world of politics, government and governing can be expected to be either easy or straight forward, because neither is the work we expect the people and institutions involved to be doing.

One risk factor is the transformation of power itself and, for many public institutions, as well as for many institutions in the corporate and social sectors too, its palpable decline.

Part of the innovation frenzy in government and the public sector is an instinctive response to the end of power. As Moises Naim points out, many of the instincts of power and executive action from the centre or top of government and politics have been eroded by the proliferation of new, smaller and highly networked players whose combined voices and capacity to organise translate into a potent contest with anyone who wants to tell them what to do or how to behave.⁵⁶

Naim's thesis is important for this discussion because he links the decay of power with the crisis of collective action in the face of big, complex and demanding problems. It's an unfortunate mismatch of supply and demand, so to speak, which social innovation can play at least some part in redressing.

He argues, for example, that on the key and complex issues that demand our urgent attention, from the contagion of financial crises, unemployment, and poverty to resource depletion and climate change, "we live in a time when, paradoxically, we are more aware of these issues and understand the better than ever before, yet we seem unable to tackle them decisively and effectively. The decay of power is the reason why" (15)

⁵⁴ <http://marianamazzucato.com/projects/the-entrepreneurial-state/>

⁵⁵ http://www.participle.net/images/uploads/soundings48_cottam2.pdf;
<http://www.ippr.org/publications/the-relational-state-how-recognising-the-importance-of-human-relationships-could-revolutionise-the-role-of-the-state>

⁵⁶ *The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being In Charge Isn't What It Used to Be*, Basic Books, 2013

That decay has left us with power of a new kind, not the “massive, overwhelming and often coercive power of large and expert organisations” but the “counterpower that comes from being able to oppose and constrain what those big players can do.” (17) What he senses is the basis of political power growing more fragile, where gaining a majority of votes no longer guarantees the ability to make decisions, inasmuch as a multitude of ‘micropowers’ can veto, delay, or water them down. (77)

So the dilemma remains:

At the individual level a paradox of the decay of power is that it may give us more tools for living in the moment, even as it compresses the horizon of our choices. This is happening at the same time that it becomes crystal clear that most of our domestic and international problems are immune to quick fixes and that their solution and alleviation require sustained and consistent efforts. Patience may be the scarcest resource of all in a world where the decay of power continues unabated. (231)

Naim’s thesis collides uncomfortable with another take on this underlying institutional crisis, this time focusing on the decline of politics or, as Peter Mair puts it, the reality that politicians seem often to be “ruling the void.”⁵⁷

Mair’s thesis is the steady drifting apart of democracy from the demos, a strange situation in which politicians and the people have effected an awkward divorce as they each retreat into their own worlds, dealing only with each other when they have to and with more and more uncomfortable and unnatural routines of clumsy interaction and mutual distrust.

Mair concludes, “the age of party democracy has passed. Although the parties themselves remain, they have become so disconnected from the wider society, and pursue a form of competition that is so lacking in meaning, that they no longer seem capable of sustaining democracy in its present form.” (141/2454)

Innovation, including social innovation, is an instinctive response to the end of power by people inside government who know, even if they don’t want to admit it too openly, that they are no longer in charge in quite the simple and obvious way that might have been true a generation ago.

Another risk is the rate at which public institutions and systems can absorb innovation even as they seek it out, a dilemma explored in a Nesta/Mindlab study of the way policy-making accounts for “creativity, social complexity and uncertainty in public governance.”⁵⁸

Internal processes and cultures can be profoundly resistant to change, which is not so surprising given that the whole point of large organisations and well established institutions is not to change, or at least not too much, too quickly.

So seeking out new ideas and, more or less sincerely inviting the disrupters into the conversation, can often be at serious odds with cultures that don’t want to change and have difficulty finding ways to make new things, and new ways of doing things, a comfortable part of new practice.

In simple terms, the “fast” world of innovators, designers and social entrepreneurs, which tend to learn as they do and use various types of prototyping to test, learn, discard and revise, often clashed with the “slow” world of policy and public governance. Discernment, judgment and weighing of difficult, usually contested values and preferences assume a different rhythm, which doesn’t always respond well to being hurried.

Behind the clash of fast and slow is a deeper difference of culture and outlook that, unless it is dealt with in honest and respectful ways, can corrode the

⁵⁷ *Ruling The Void: The Hollowing Of Western Democracy*, Peter Mair, Verso, 2013

⁵⁸ <http://www.nesta.org.uk/publications/innovations-policy>

relationship between two “tribes” whose subsequent relationship risks deteriorating further into mistrust and even mutual hostility.

To the extent that the forces of resistance win, circling the wagons to keep out the marauding hordes of impatient and frustrated customers and citizens, entrepreneurs and innovators, the implication is a grievous, perhaps terminal loss of relevance. And relevance is the inescapable currency of good government.

Future of capitalism

The future of capitalism is itself a recurring theme in many of the discussions about the future. Geoff Mulgan’s analysis of the contest between capitalism’s innate instincts for predation and creation is one way of predicting not so much the end of capitalism as the need for capitalism to manage its own evolution so that, as far as possible, it minimises the propensity for one while it lifts the possibilities of the other.⁵⁹

Other takes on of the future of capitalism tend to emphasise the contest between the way it currently works, which includes a string of increasingly risky externalities that can impact the natural and social environment in all sorts of negative ways, with the rise of a collaborative consumption economy.⁶⁰

Whether it is Uber, AirBnB or a string of other large and small examples, collaborative consumption holds out the promise of equity, efficiency and the ability to combine sustainable consumption with positive impacts on society and communities.

In a similar vein, some see the rise of the purpose economy as another evolution towards a social or relational capitalism.⁶¹

These are themes that Mulgan’s analysis of “capitalism in motion” that seeks to reward its best instincts for creating valuable things that other people want and can use, for rewarding hard work and innovation and for making people better off, something he argues it does perhaps better than any other economic system we’ve yet come up with.

The nature of knowledge

Underlying many of these big trends and shifts shaping the economic, social and political world in which social innovation makes sense are important changes in the way we create and use knowledge.

It’s not difficult to pick up the general sense that we are living through a period of growth in the sheer volume, if not always the quality, of data and information. Statistics about the rate and quantity of new data creation boggle and bamboozle the mind, by turn, as different ways are sought to stagger our sense about the rate of the world’s exploding data supply.

In a world where “the facts aren’t the facts, experts are everywhere and the smartest person in the room is the room,” how do you know anything and, more basically, what does knowing mean? ⁶²

David Weinberger’s analysis and prescriptions are important signposts to future modes of working whose inescapably social and collaborative foundations are central to social innovation’s practice and promise.

The story Weinberger tells about what has happened, and is happening, to knowledge and the way we create and use it is essentially defined by this

⁵⁹ *The Locust and the Bee: Predators and Creators in Capitalism’s Future*, Geoff Mulgan, Princeton University Press, 2013

⁶⁰ <http://www.collaborativeconsumption.com/>

⁶¹ <http://purposeeconomy.com/>

⁶² *Too Big to Know: Rethinking Knowledge Now That the Facts Aren’t the Facts, Experts Are Everywhere, and the Smartest Person in the Room is the Room*, David Weinberger, Basic Books, 2012

paradox. Just at the time when the chorus claims we are consigning ourselves to a new dark age “inhabited by glassy eyed chronic masturbators who judge truth by the number of thumbs up, wisdom by the number of views and knowledge by whatever is the most fun to believe,” (xii), there’s also a palpable joy “pulsing through our culture”. We are in a crisis of knowledge at the same time we confront “an epochal exaltation of knowledge.”

The trick is to sense the shift in the nature of knowledge, which has become “a property of the network”, not something that lives in libraries and museums and academic journals. His point goes beyond the sense that, more and more, crowds can have a type of wisdom in some situations.

The bigger, and more unsettling, point is that “the change in the infrastructure of knowledge is altering knowledge’s shape and nature.” As knowledge becomes essentially networked, the smartest person is not the expert at the front of the room or the crowd in the room. It is the room. The network, he explains, joins the people and the ideas in the room and connects to those outside the room. That doesn’t mean Weinberger is touting the emergence of some kind of technology superbrain or “technium” with a will and a nature of its own.⁶³ His point is that knowledge has now become something which it is inextricable from, indeed “unthinkable without,” the network that enables it.

So the task is to learn how to build and use “rooms” that will make us all smarter, avoiding in the process the risk of allowing badly built networks to “make us distressingly stupider.” (xiii).

⁶³ This is an idea associated with Kevin Kelly, who defines the idea in this interview - <http://boingboing.net/2012/05/11/kk.html>

Appendix 2

An Idiot's Guide to Inequality⁶⁴

Nicholas Kristoff

We may now have a new “most unread best seller of all time.”

Data from Amazon Kindles suggests that that honor may go to Thomas Piketty's “Capital in the Twenty-First Century,” which reached No. 1 on the best-seller list this year. Jordan Ellenberg, a professor of mathematics at the University of Wisconsin, Madison, wrote in The Wall Street Journal that Piketty's book seems to eclipse its rivals in losing readers: All five of the passages that readers on Kindle have highlighted most are in the first 26 pages of a tome that runs 685 pages.

The rush to purchase Piketty's book suggested that Americans must have wanted to understand inequality. The apparent rush to put it down suggests that, well, we're human.

So let me satisfy this demand with my own “Idiot's Guide to Inequality.” Here are five points:

First, economic inequality has worsened significantly in the United States and some other countries. The richest 1 percent in the United States now own more wealth than the bottom 90 percent. Oxfam estimates that the richest 85 people in the world own as much wealth as the bottom half of humanity.

The situation might be tolerable if a rising tide were lifting all boats. But it's lifting mostly the yachts. In 2010, 93 percent of the additional income created in America went to the top 1 percent.

Second, inequality in America is destabilizing. Some inequality is essential to create incentives, but we seem to have reached the point where inequality actually becomes an impediment to economic growth.

Certainly, the nation grew more quickly in periods when we were more equal, including in the golden decades after World War II when growth was strong and inequality actually diminished. Likewise, a major research paper from the International Monetary Fund in April found that more equitable societies tend to enjoy more rapid economic growth.

Indeed, even Lloyd Blankfein, the chief executive of Goldman Sachs, warns that “too much ... has gone to too few” and that inequality in America is now “very destabilizing.”

Inequality causes problems by creating fissures in societies, leaving those at the bottom feeling marginalized or disenfranchised. That has been a classic problem in “banana republic” countries in Latin America, and the United States now has a Gini coefficient (a standard measure of inequality) approaching some traditionally poor and dysfunctional Latin countries.

Third, disparities reflect not just the invisible hand of the market but also manipulation of markets. Joseph Stiglitz, the Nobel Prize-winning economist, wrote a terrific book two years ago, “The Price of Inequality,” which is a shorter and easier read than Piketty's book. In it, he notes: “Much of America's inequality is the result of market distortions, with incentives directed not at creating new wealth but at taking it from others.”

⁶⁴ http://www.nytimes.com/2014/07/24/opinion/nicholas-kristof-idiots-guide-to-inequality-piketty-capital.html?_r=0

For example, financiers are wealthy partly because they're highly educated and hardworking — and also because they've successfully lobbied for the carried interest tax loophole that lets their pay be taxed at much lower rates than other people's.

Likewise, if you're a pharmaceutical executive, one way to create profits is to generate new products. Another is to lobby Congress to bar the government's Medicare program from bargaining for drug prices. That amounts to a \$50 billion annual gift to pharmaceutical companies.

Fourth, inequality doesn't necessarily even benefit the rich as much as we think. At some point, extra incomes don't go to sate desires but to attempt to buy status through "positional goods" — like the hottest car on the block.

The problem is that there can only be one hottest car on the block. So the lawyer who buys a Porsche is foiled by the C.E.O. who buys a Ferrari, who in turn is foiled by the hedge fund manager who buys a Lamborghini. This arms race leaves these desires unsated; there's still only one at the top of the heap.

Fifth, progressives probably talk too much about "inequality" and not enough about "opportunity." Some voters are turned off by tirades about inequality because they say it connotes envy of the rich; there is more consensus on bringing everyone to the same starting line.

Unfortunately, equal opportunity is now a mirage. Indeed, researchers find that there is less economic mobility in America than in class-conscious Europe.

We know some of the tools, including job incentives and better schools, that can reduce this opportunity gap. But the United States is one of the few advanced countries that spend less educating the average poor child than the average rich one. As an escalator of mobility, the American education system is broken.

There's still a great deal we don't understand about inequality. But whether or not you read Piketty, there's one overwhelming lesson you should be aware of: Inequality and lack of opportunity today constitute a national infirmity and vulnerability — and there are policy tools that can make a difference.

Appendix 3

The cathedral and the bazaar: prefiguring the new public work

In 1996, Eric Raymond wrote what has become one of the most famous essays about technology⁶⁵. The *Cathedral and the Bazaar*, an essay about the open source software movement, turns out to be a dissertation on the profound and sometimes unsettling challenges for organisations and institutions, and therefore for their leadership, wrought by a world increasingly open, connected and complex.

In that sense, Raymond's insights prefigure many of the concepts and practical implications of the new public work.

The scene is set from the opening paragraph. "Linux is subversive," wrote Raymond. "Who would have thought even five years ago that a world-class operating system could coalesce as if by magic out of part-time hacking by several thousand developers scattered all over the planet, connected only by the tenuous strands of the Internet?"

Like many at that time, Raymond believed that "there was a certain critical complexity above which a more centralized, a priori approach was required." Important, large and complex software "needed to be built like cathedrals, carefully crafted by individual wizards or small bands of mages working in splendid isolation, with no beta to be released before its time."

All the more reason, as he explained it, to be shocked when it transpired that an alternative, "bazaar" style seemed to work and work well. So the question arose in his mind "why the Linux world not only didn't fly apart in confusion but seemed to go from strength to strength at a speed barely imaginable to cathedral-builders."

The central lesson from the essay, to which Raymond keeps returning, is not just that the "bazaar" works at all but, in conditions of rapid change and volatile uncertainty, actually works better and faster than traditional, top down and highly closed, proprietary approaches.

Key to the bazaar's success was the ability, as designers in another context tend to describe it, to "launch to learn". The trick is to use openness as a tool to allow a piece of software (for which you could substitute any major initiative or program in an organisation) to be improved and strengthened much more quickly by letting people see what you are doing early, rather than hiding it from gaze until the cost of making improvements starts to become too expensive and complicated.

Under the sub-heading of "release early, release often", Raymond explained that "early and frequent releases are a critical part of the Linux development model. Most developers...used to believe this was bad policy for larger than trivial projects, because early versions are almost by definition buggy versions and you don't want to wear out the patience of your users."

In fact, what the open source world discovered is that groups of users, often with deep expertise in their own right, were only too happy to be asked to contribute to the de-bugging process. The result was better software, quicker. As a famous line from the essay describes the resulting lesson, "to a thousand eyes, all bugs are shallow".

In one of his central observations, Raymond nails the key characteristics of what he described as the differences between an essentially top-down, closed and

⁶⁵ <http://manybooks.net/titles/ramondericother05cathedralandbazaar.html>

proprietary approach to software development (the cathedral) and an open, connected, complex approach (the bazaar).

"In the cathedral-builder view of programming, bugs and development problems are tricky, insidious, deep phenomena. It takes months of scrutiny by a dedicated few to develop confidence that you've winkled them all out. Thus the long release intervals and the inevitable disappointment when long-awaited releases are not perfect.

In the bazaar view, on the other hand, you assume that bugs are generally shallow phenomena - or, at least, that they turn shallow pretty quickly when exposed to a thousand eager co-developers pounding on every single new release.

Accordingly you release often in order to get more corrections, and as a beneficial side effect you have less to lose if an occasional botch gets out the door."

In this contrast between the worldview of the "cathedral builder" and the bazaar, Raymond captures the essential shift between the old public work and the new public work.

What he doesn't argue, though, is the death of deep, patient expertise and knowledge as part of the evolving craft of, in this case software writing.

But the point that is often missed by those eager, rightly, to defend the persistent need to honour craft and expertise in a simplistic shift from "old" to "new" is that the new - whether it is the open source approach to software or the new public work - brings its own emerging craft and expertise.

One of the most important elements in that new craft is how to connect the cathedral and the bazaar or the centre and the edge. In another context, the need for the core or the centre to "reach out and connect into the rich knowledge flows occurring on the edge" lies at the heart of the way to create value in a world where much of the knowledge, innovation and practical knowledge lies at the edge. (Power of Pull, p56)

Raymond's argument is that cathedral and bazaar have much to learn from each other and that the commitment to the outcome they both share - whether it is writing great software, making children safer, improving public health, or building a national innovation system - is not diminished by accepting that the craft itself has to adapt and evolve to suit the conditions in which it is being practiced.

Raymond's argument is that software writing took a profound and irrevocable turn in the early 1990s. The essential elements of that shift - learning how to play the new, Internet-enabled game of "small pieces, loosely joined" - are not only now well established as a new dimension of the craft of software writing, they also prefigure some of the most important shifts in culture and practice that need now to be built into the craft of public leadership and governance, the new public work. And it is to that new craft that disruptive social innovation stands to make its most significant contribution.

Raymond's essay also explains how the de-centred model of the bazaar doesn't always need complex management to coordinate all of that work back to the centre. There is some communication necessary back to a "coordinating developer" but it doesn't require significant communication between the hackers and users themselves. He also noted that, in the bazaar model, "it is not critical that the coordinator be able to originate designs of exceptional brilliance, but it is absolutely critical that the coordinator be able to recognize good design ideas from others."

In that sense, a leader in the connected, complex and open world of the bazaar doesn't need to be an expert in their own right or at least not in everything, but they do need skills to see what's happening around them, to understand where

good work is being done and to nurture its evolution and connection back into the larger endeavour.

Similarly, this is a world in which the insight from Peter Drucker about rewarding “contribution, not status” is played out in the notion of “egoless programming”. Drawing on the work of Gerald Weinberg, who wrote a book called *The Psychology of Computer Programming*, Raymond explains that this means “developers are not territorial about their code, and encourage other people to look for bugs and potential improvements in it.” The result is very practical – “improvement happens dramatically faster than elsewhere.”

Raymond explains that a bit further. While software writing and coding remains an essentially solitary activity, the really great hacks come from “harnessing the attention and brainpower of entire communities”.

The developer who uses only his or her own brain in a closed project is going to fall behind, Weinberg explains, compared to the developer who knows how to create “an open, evolutionary context in which feedback exploring the design space, code contributions, bug-spotting, and other improvements come from hundreds (perhaps thousands) of people.”

Just consider some of the obvious leadership implications if that principle is applied more broadly to the world of organisations. It requires leaders capable of creating a culture of open and collaborative engagement where ego is harnessed to the collective endeavour and people’s status is derived from the quality, persistence and value of their contributions, and less from arbitrary allocations of positional authority. It demands a level of close listening and observation that goes beyond having an “open door” policy but which actively recruits the leader to the task of sensing who is doing quality work, who has got a contribution to make.

And it demands, by the same token, new skills of synthesis and sense-making to keep connecting the smart work of lots of different players so that it renders the resulting products and services coherent and purposeful. What it tends not to require is the ability to bark out orders or to assume that command and coercion is any long-term substitute for persuasion and authentic engagement.

Raymond presses this last point when he notes that Weinberg draws on the work of Russian anarchist Pyotr Kropotkin who, in his *Memoirs of a Revolutionist*, explains that “like all young men of my time”, he arrived armed with a great deal of confidence “in the necessity of commanding, ordering, scolding, punishing and the like.” But when it came to managing “serious enterprises”, it turned out not to be so simple:

“... I began to appreciate the difference between acting on the principle of command and discipline and acting on the principle of common understanding. The former works admirably in a military parade, but it is worth nothing where real life is concerned, and the aim can be achieved only through the severe effort of many converging wills.”

In a more open and connected world, perhaps the most important purpose and skill for the new public work is, similarly, the ability to lead “the severe effort of many converging wills.”

Raymond was no pie-eyed poet.

He does not suggest that the answer to leadership in a complex, fast-changing world was the organisational equivalent of asking people to “play nice” or hold hands and hum.

Deep, often solitary expertise and bursts of individual brilliance matter. But “the cutting edge of open-source software will belong to people who start from individual vision and brilliance, then amplify it through the effective construction of voluntary communities of interest.”

Raymond's most significant conclusion is an even more profound, but quite pragmatic insight. "Perhaps in the end the open-source culture will triumph", he writes at the end of his essay, "not because cooperation is morally right or software hoarding is morally wrong ...but simply because the closed-source world cannot win an evolutionary arms race with open-source communities that can put orders of magnitude more skilled time into a problem."

By inference at least, the new public work is basically an exercise in learning how to lead in the bazaar. That is hard enough. What becomes even more challenging is the ability to bring those same leadership qualities into the cathedral too and, in the process, encourage their more productive interaction.