

The Institutional Foundations of Civic Innovation

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1. The institutional content of civic innovation

Social change happens everywhere in society, at the global level as well as in communities, governments, markets, and families. This paper will unpack the concept of civic innovation from an institutional perspective towards the development of a theory of actor-driven social change. Civic innovation depends on the “24/7 citizen”, a representative agent that engages in public and civic actions towards social transformation. This paper centres on the 24/7 citizens that are constituted by the institutions prevalent in a particular space and time, and which install a tendency or inclination to act in a certain way. The 24/7 citizen does not exist independently from the social context: it is an agent who breakfasts as a family member according to the patterns of food consumption in the area, gets dressed according to the social customs of gender and local custom, engages in work –paid or unpaid- in line with the work ethic of his or her corresponding class and status, and participates in the evening in a traditional ceremony according to the conventions in the community. He or she may also attend a trade union meeting or a demonstration where attendants would scream and distribute pamphlets or walk in absolute silence, in line with the applicable rules of action for that specific setting. The actions of our protagonists have followed uncountable social rules throughout the day. Even the size of the pillow upon which their heads rests and drifts into sleep follows the prescriptions of what is accustomed and expected for someone in that specific social position, gender, time, space, and so on.

No actions of our agents are independent of the institutions that create an inclination to do things in a particular way. Our agents may be more aware of some rules than others. Some rules seem wrong to some agents, but the normative content, or the values underpinning those rules and related social expectations, may be too strong to ignore or to disobey or the agent may not be troubled enough by them. Hence most of the time agents willingly or unwillingly accommodate to the prescribed rules and conform. A few rules, however, are perceived to be so constraining, outdated or wrong, that

some agents seek to change them at a social level and this is where civic innovation begins. When our socially configured 24/7 agents decide to engage in political action to precipitate social change, we will refer to these actions as “civic innovation”. Its first basic element is a clash of institutions and the values that these represent. The second basic element is that the ways to change the institutions entail collective action in the public space, as opposed to a private act. Neglecting one traffic light does not mean that our citizen wants to abolish traffic lights as an institution that coordinates traffic priorities. The origin of civic innovation is thus the initial identification of a conflict in values and a contestation of the normative contents of institutions: citizens (in plural) recognise that an institution clashes with the values and interests of their group or network. The process of civic innovation is then one fed by collective action. This is not because agents know what they want and act instrumentally to achieve pre-determined goals. Rather in order to make progress towards civic innovation, cooperation is instrumental to clarify actor goals as well as their attainability. That means that they collectively problematize an issue and frame alternatives to the status quo. The conflict results from the fact that some institutions contradict emerging values; and that in response, related agents may promote their own institutions instead, or simply resist the institutions of others. The key elements in our definition are: institutions, a socially-structured agent, political motivations, and collective action. In this paper we will explore each one of these elements in detail.

The concept of civic innovation is approached from an institutional point of view and a preference for the perspective of the Old Institutionalism (Thorstein Veblen, John Commons, Clarence Ayres, and so on), and the more recent works of Geoffrey Hodgson, Masahiro Aoki, and others. It will present civic innovation as one particular type of institutional change, incorporating both political conflicts between institutions and emerging values, and collective action/agency to resist and change those institutions. Section two will conceptualise institutions and the ways in which they regulate behaviour and constitute agents. Section three proposes a tentative model of how institutions change, in general, and section four explores how agents engage in contentious actions to push for institutional change and disseminate it within their social setting, or ‘tessera’ of the social mosaic. The paper concludes with a conceptualisation of “civic innovation” and the identification of the characteristics that distinguish it from other forms of institutional innovation.

2. What’s in an institution?

Institutions shape human behaviour and provide structure in society. Whilst central to human societies, there is still little consensus on a common definition of institutions or how to do institutional analysis (Hollingsworth, 2002). Nobel Prize for Economics winner Douglass North famously defined institutions as the ‘rules of the game’ (North, 1990:4), including the incentives and disincentives to behave in certain ways. Other authors describe institutions as ‘structured processes of interaction among individuals, relatively enduring and recognised as such’ (Lawson, 2003: 182). With an emphasis on coordination, Ostrom (2005: 3) views institutions as ‘prescriptions’ that are used to organise ‘all forms of repetitive and structured interactions’ within families, communities, organisations and markets, across social, cultural, political and economic realms. Institutions present possible paths of action for economic agents to decide about employment, production, exchange and the options between abiding by rules and shirking. With some variation in the focus of the definition, institutions are invariably characterised as social structures (Wells, 1970) that are regularities that give stability and meaning to human action (Crespi, 1994). Hodgson (2006: 2) argues that institutions are ‘the kind of structures that matter most in the social realm, and comprise “the stuff of social life’’. He distinguishes institutions, which are “socially embedded systems of rules” from other social structures, which are simply *any* regularity in social relations. So, while all institutions are social structures, the opposite is not true. Institutions are specific types of social structures that are distinctly embedded in societal values and indicate a socially acceptable action.

2.1 Institutions as systems of rules

Hodgson's definition of institutions as "systems of rules" gives a first hint to understand what makes them a special type of regularity in social life. As rules, institutions have the format "in circumstances X, do Y" (Hodgson, 2006: 3). Rules refer to 'an injunction or disposition' that guides human behaviour. Rules' durability comes through the capacity of institutions to 'create stable expectations of the behaviour of others' and permit 'ordered thought, expectation and action' (Hodgson 2004: 425). While human nature makes various actions possible in circumstances X, society indicates one specific action Y as the accepted one within a particular social setting, time and place, and this creates an inclination to behave in a certain way. In this way, rules are 'considered, acknowledged, or followed without much thought' (Hodgson, 2006: 3). Max Weber similarly pointed out that 'some rules are followed without any subjective formulation in thought of the rule' (Weber, 1907/1978: 105). For example, language structures communication, and individual property rights permit for-profit behaviour in economics.

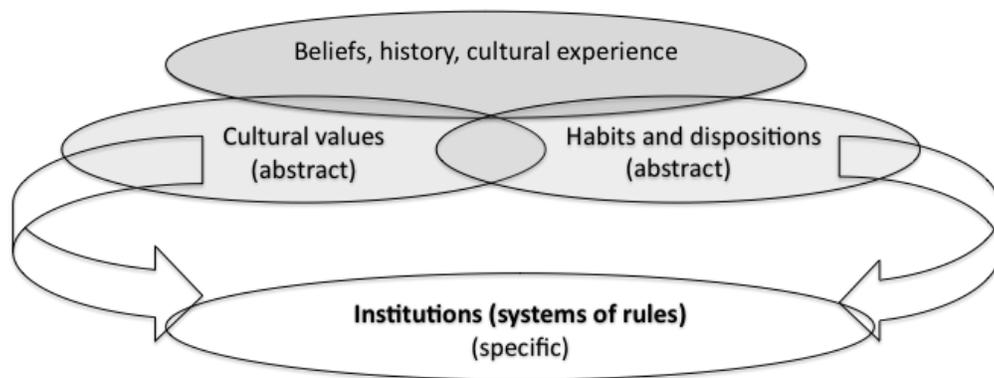
Rules, however, are not merely guides for action within specific sets of values and conditions, but are also potentially codifiable and have normative content related to core social values and expectations. On the normative content, agents may ignore the dispositions to act as the rules indicates, but their choice does not mean that the inclination does not exist, and at a social level any transgression will be seen as a deviation - or breach of the rules - which could be sanctioned. 'Potentially codifiable' means that the action is socially acceptable, and under specific conditions may be articulated through discourse to both inform other agents and support the transmission amongst them. Knowledge of rules can also be tacit. Whilst sociologists have theorized that people follow rules to avoid sanctions, rules also generate positive effects such as facilitating interaction with strangers, permitting trust and social cooperation (Seabright, 2010). Such rules of action - or "social norms", their close equivalent in sociology - enable agreements in 'situations in which there is an inherent conflict between individual and collective interests' (Bicchieri, 2010: 298). In relation to civic innovation, being codifiable is a precondition to the organisation of collective action. The normative content of rules addresses the meaning of what is expected by others.

Since knowledge of the rules may be tacit, it can be difficult to determine whether behaviour is a result of complying with rules or a natural instinct. It may be useful to distinguish instinct, habit and actual behaviour. Instinct is a genetically inherited inclination, while habit is a socially acquired inclination, and behaviour is the physical conduct of actors. Instinct explains just a small part of the variety of human actions and interactions, while habits are ubiquitous and make institutions work without need for deliberation. This distinction denies the "natural" character of any prevailing social order as a biological determination and underlines the role of habits as dispositions to engage in previously adopted or acquired behaviour, triggered by "specific stimuli or contexts" (Hodgson, 2003a: 556). Habits create immanent or unreasoned dispositions to act in a certain way, like propensities or inclinations, and sustain the rules as codifiable and normative components of institutions. In the meantime, behaviour is the factual action, including not taking any action. In this way, insights from Dewey (1922: 40) are taken up by Hodgson to explain that institutions both reflect and shape habits (2004: 656). Within economic sociology, Powell and DiMaggio (1991: 26) revisit Bourdieu's cognitive concept of *habitus*, related to people's common histories and backgrounds, as leading to shared thoughts, dispositions and strategies of action, and which was critically influenced by Veblen's conceptualisation of habit (O'Hara 2007; Wackerle, 2014). As expressed by O'Hara, institutions, habits and instincts come together in a "realist analysis of the structure, contradictions and unstable reproduction of economic systems, paying particular attention to the link between agency and institutions, habits and instincts in an environment of uncertainty, ignorance and bounded rationality" (O'Hara 2007:35).

2.2 Unpacking institutional components

Taking a closer look at institutional building blocks, the social embeddedness of institutions marks a relation to ethics, morality and related social values, which express themselves in the rules that make up an institution. For instance, the cultural beliefs and values around gender and caring add moral implications to the rules that drive family life and these can be enforced based on moral arguments (van Staveren, 2007). Values define “good personhood” within a specific cultural setting and, by definition, the institutions under which family life is recreated. Beliefs, history and cultural experience constitute the general frame into which institutions exist. The complex interplay between rules of action and underlying values, belief systems, and their cultural heritage shape how agents interact with, and develop institutions. In a similar vein, Weber’s (1904) classic *Protestant Ethic* earlier postulated a religious foundation (related to work values) to capitalist behaviour. But such a cultural determinant approach to economic practices subsequently came under attack in the 1960s and 80s from a number of scholars in the neo-Marxist and post-modernist traditions, as noted by Fukuyama (2003: 4). In recent decades, culturalist explanations of economic behaviour have been revisited in different contexts. Platteau, for example, drew attention to African societies and the origins of highly egalitarian norms with restraints on individual wealth, which he argues has led to ‘cultural’ obstacles to accumulation and subsequent economic growth (Platteau, 2000). Fukuyama (2003) elaborated on a wide range of areas of human behaviour that are in fact non-rational in origin (i.e. non-optimizing behaviour) such as actions based on religious belief, as well as inherited social habits and other deeply embedded cultural values. Emphasising the influence of historical experience on subsequent institutional development, Greif (2006) pointed to the ‘community responsibility system’ as an existing institution that functioned in Europe from medieval to modern times, which fostered gradual institutional development through ‘self-governed communes’. Douglas (1986: 91) draws attention to human cognition and its dependence on institutions, with institutions built by ‘squeezing each other’s ideas into a common shape’ to gain legitimacy by ‘sheer numbers’. Douglas describes the stabilization of institutions and the gaining of legitimacy through ‘distinctive grounding in nature and reason’. This may explain why actors may behave in certain ways and reproduce social structures, influencing institutional development.

Figure 1. Linking beliefs, values, habits and rules



Source: Derived from Ritchie, 2013.

Figure 1 endeavours to capture the relationship between beliefs, values, habits and rules (or social norms) as the basic ingredients of institutions. At the fundamental level, societal beliefs are entrenched in history and cultural experience. These subsequently drive abstract or conceptual evolving cultural values, and social habits and dispositions. Ultimately, these then shape practical and concrete institutions, or specific systems of social rules. Recognizing the influence of culture and

beliefs in later work, North (2003: 4) has drawn attention to the cultural heritage of individuals i.e. the deeply embedded institutions and aggregated beliefs ‘carried forward’ over generations (path dependent patterns), in addition to new positive and negative experiences. Clearly, it is critical to appreciate the background of a society and cultural heritage (and the dynamic shifts as societies evolve) to understand the emergence of dynamic institutions with ‘complex chains of causality’, and particularly the ‘interplay’ between the formal rules and the informal norms (North, 2003).

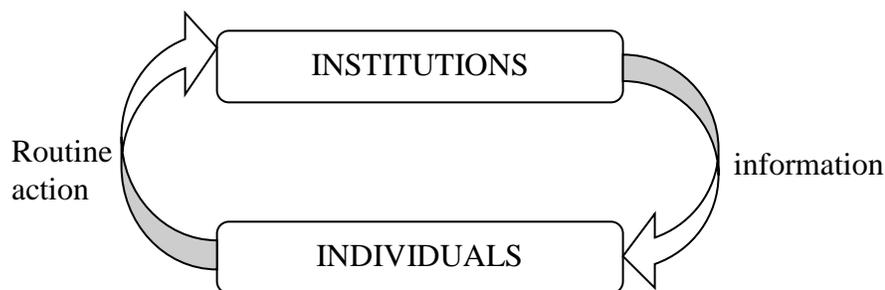
3. Towards a theory of institutional change

Institutions establish systems of rules, according to which individuals interact, frame their agency and dispose agents to certain actions. Advancing theoretical arguments on structure and agency, and going beyond a dichotomy, Hodgson (2004) has elaborated a cognitive conception of agency, describing agency as the capacity of agents to ‘reflect and deliberate upon the context, options, purpose and possible outcomes of action’. With an emphasis on habit, Hodgson described the relationship between agency and structure as distinct but ‘connected in a circle of mutual interaction and interdependence’ (Hodgson, 2004: 446). Hodgson hence proposes an evolutionary dimension in a ‘non-conflationary and casually interactive’ approach that tries to capture how individual intentions or preferences change, suggesting that individuals become agents in the social context that constitutes them and not as isolated entities. As we anticipated, the 24/7 agent is in itself a social product.

3.1 Institutions and agents

In earlier work, Hodgson (1998) depicted the interaction between agents and institutions as a stable loop that reproduces itself as long as the equilibrium lasts. This approach follows Veblen (1919), who saw the interactions between individuals and institutions as a relationship of causality in both directions, although agents and institutions exist at different ontological levels. Institutions inform individuals on what actions Y are acceptable in circumstances X and individuals are inclined to act in that way. The repetition of the action, in turn, reinforces the institutions that continue being enacted and their embeddedness in that particular social setting of values, intentions and preferences. The double loop addresses the fact that institutions guide and shape agents, but at the same time the actions of the agents affect institutions by reproducing them. We will first study this stable situation, before adding complexity in the next section exploring what happens when individuals resist the institutions and attempt to change them.

Figure 2. The Institutionalist action-information loop



Source: Hodgson, 1998:176

The loop in figure 2 discloses an understanding of institutions as a point of equilibrium, in the sense that the rules of action in an institution have become stable, are being repeated without much thought and have stopped mutating. The inclination to abide by the rules is internalized by individuals and at the same time it has meaning at the social level, so that others expect these to be followed, too. This reciprocal expectation constitutes an incentive for agents to reproduce the relevant institutions, as Greif (2011) expresses it, because “interactions create the structure that motivates obedience. The behaviour of others motivates behaviour”. Shared expectations on each other’s actions become “self-enforcing”, Greif (2011) continues, in the sense that agents will generally follow the equilibrium rule of action as long as the others follow it as well. “From each decision-maker’s perspective, the others’ expected behaviour constitutes the structure motivating her to conform to the behaviour expected of her. But by conforming, she contributes to motivating others to conform too. Thus, the structure is self-perpetuating, and although it is beyond the control of each decision maker, it is endogenous to all of them taken together” (Greif, 2011: 27).

3.2 Examining agency, institutional diversity and change

In developing the model further, we consider that a first element that could be further theorised in this reasoning is the outcome of rule-following. As long as rule-following leads to the expected outcomes, no further reflection need ensue - institutions are points of equilibria in terms of the coincidence between expectations and actual outcomes-, but this may not be the case. Aoki (2007: 3) refers to “the *consequence function*” that specifies “particular (physical) consequences of concern to some or all the agents [contingent on the state of nature].” In the logical form of the rule mentioned above, “in circumstances X do Y”, there is a certain expected outcome Z that should result from the individual’s rule-following action. The logical form of an institution as equilibrium could be expressed as “in circumstances X do Y and expect Z”. In this way, if Z occurs after doing Y in circumstances X, agents will be inclined to continue repeating the action. The failure of Z to happen, however, may trigger a reflection on what went wrong or what needs to be reviewed in the equilibrium loop.

A second point that is not specifically included in the institution-action loop in Figure 2 is diversity. Equilibria at the macro level (the overall ‘cognitive framework’ guiding individuals to behave and relate to institutions) may differ from the meso or micro level in which agents –individually or collectively- enjoy relative autonomy and live in contexts imbued with meanings. Along that line of thinking, Aoki (2007) and Greif (2011) hint that institutions are only *partial* equilibria, in the sense that they represent equilibria with relevance to a specific time, space, and social group in terms of ethnicity, class, gender and other dimensions of differentiation. Chang (2002) argues that competing cultures and traditions exist within one society, so institutions are points of equilibria only within the limits of each one of these. Our reasoning speaks to the metaphor of societies as a mosaic, and argues that different individuals are affected by the institutions in their particular sphere, or *tessera* or tile. Partial equilibria co-exist because different agents acquire the institutions from others who had been following these before them and among whom the various agents have been shaped.

The human actions in each *tessera* are regulated by a set of institutions applicable to a group or network. Mark Granovetter (1992: 4) emphasised the importance of networks to explain the configuration of agents and agency, and defined networks as a regular set of contacts or similar social connections among groups or individuals. A network transmits situated institutions and the values and habits on which these institutions rely, within a cultural and historical experience as depicted in Figure 1. For example, some networks are biased towards self-interest and sustain a number of institutions consistent with those values, while other networks are driven by common interest and generate institutions that guide agents to a common goal. These learning processes, however, are ultimately individual, so by definition agents’ behaviour is not necessarily uniform, equal or ‘given’ (Hodgson, 1998) even within a single network. Agents may choose to ignore rules, resist them or

challenge them, so individual action is never fully predictable. To complicate it further, agents move across *tesserae* because they are part of different networks at the same time (workplace, family, trade union, and so on).

Apart from this horizontal institutional diversity, there is also a hierarchical arrangement of institutions. Several scholars have elaborated on the layers of institutions. For example, Ostrom (1990: 52) used the innovative concept of ‘nested’ rules to describe the linkages between rules, and their capacity for change. In later work, Ostrom (2005: 58) presented a hierarchical arrangement with five layers of rules, depending on the type of action that they guide. The “operational rules” guide day-to-day interactions, “collective-choice rules” establish procedures for choosing operational rules, “constitutional rules” govern the selection of collective-choice rules, the “meta constitutional rules” regulate over choices of constitutional rules and the biophysical world is situated at the top level. When agents perceive that the rules over their interactions at one level are unsatisfactory, they are driven to “shift levels” in search for information and guidance to change those rules. Ritchie (2013) added insights to Ostrom (1990) by elaborating on the nature of the interdependence of ‘nested’ rules in enterprise in relation to the spheres of applicability, scope of variation, and enforcement with overall control firmly resting with powerful actors (entrepreneurs and local authorities). Layering institutions is critical to understand that some of them change relatively quickly, while others are extremely durable and institutional change at that level is “overwhelmingly incremental” (North 1990:89). At the same time, it explains why institutions are path-dependent: “the consequence of small events and chance circumstances can determine solutions that, once they prevail, lead one to a particular path” (North 1990, p. 94).

A third point that could be further theorised in the reasoning depicted in Figure 2 is the implication that institutions are fixed and individuals continue enacting them *in eternum*. In other words, agents in Figure 2 are trapped in a loop of repeating actions. That is obviously not the case, although more slow-moving evolutionary processes may be ongoing, and the question of how institutions change has been the object of a rich research agenda. At the same time, Figure 2 does provide a principle to theorise institutional change from an evolutionary perspective, because it links agency back to institutions. If individuals do not enact the rules, they may seek different ways of thinking, understanding and behaving in a situation X. Institutional change is based on agency and is defined as the creation of new inclinations to guide the actions of a number of individuals. These new institutions would be formalised as rules to behave in a certain way Y in circumstances X. Per our definition of institutions, the new rules will eventually acquire normative content, too, will be codifiable, reflect certain values and gain resilience to stay unchanged for a certain period of time. We emphasised the institutions are layered horizontally and vertically, which implies that an action is reproduced repeatedly but need not be permanent. Institutions are demi-regularities, a term coined by Lawson (1997) which describes elements that are only stable within a certain scope of time, space and positionality.

3.3 Evolutionary insights and collective agency

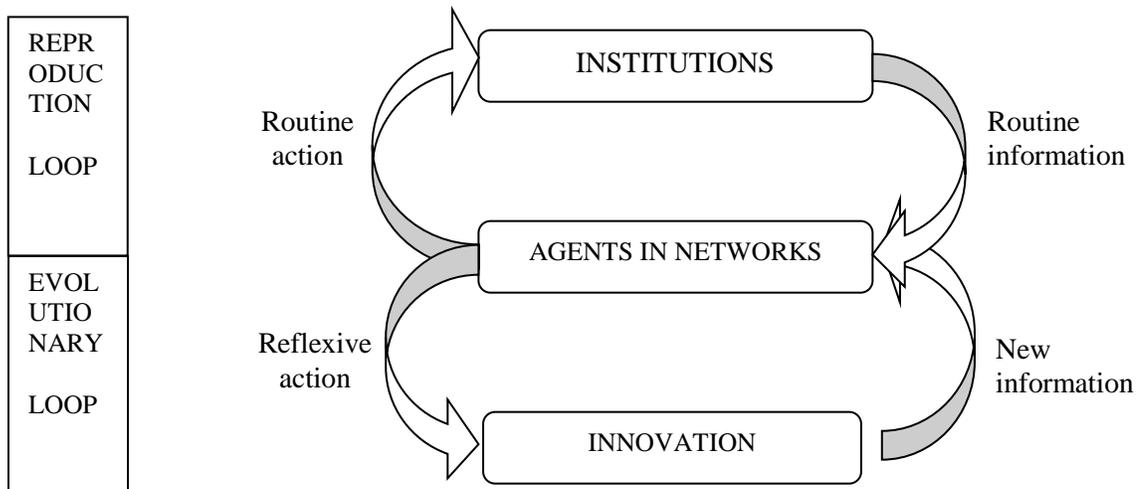
Moreover, our approach is evolutionary in the sense that new institutions emanate from existing institutions of a higher layer that define what is possible and what is not for agents to think, understand and experiment. Greif (2011: 39) notes that past institutional elements are “the raw material on which new institutions are based”, while Sugden (1989) argues that agents engaged in institutional change coordinate their strategies to achieve it but “generally adopt rules which are analogous to rules with which they are already familiar”. In other words, familiarity relates to habits as inclinations and preferences that limit the scale and scope of the change process. Consequently, new institutions resemble older, familiar institutions because they contain elements inherited from or inspired by past institutions. Several scholars (Campbell, 2004; Gomez, 2008) elaborated that actors create new institutions through a process of “bricolage”, a term first used by Levy-Strauss (1966: 16)

to explain how agents recombine elements in their institutional repertoire “with devious means” and deal with obstacles with “some extraneous movement” before they return to the usual path. Campbell (1997) also suggests that institutional change evolves through a process of delimited selection, as permitted by the existing arrangements, in addition to prevailing power relations. Friedland and Alford (1991: 251) describe existing institutions as affecting both institutional change processes and their outcomes.

Along this evolutionary reasoning, institutional change starts when agents do not follow the rule and resort to acts of experimentation conditioned by the prevailing institutions, on the one hand, and by networks of agents as sources of information and inspiration, on the other. The civic innovation type of institutional change is described with terms such as “institutional setting and the “activisms” in which people engage to exercise agency. We are arguing, in turn, that networks shape intentions and interests, which affect the reasoning to search for new solutions. So while habits provide the cognitive means by which information is sought and interpreted, the networks of belonging – including the activisms - define what experimentation is possible and later support its repetition until it becomes a new rule of action. While agents are elements of a lower ontological level than institutions, they can affect those at a higher level in a process that Hodgson (2002) terms reconstitutive upward causation. The inverse process is termed reconstitutive downward causation, when institutions inform and contribute to the formation of individual habits by defining “what has meaning and what actions are possible” in experimentation (Powell, 1991:9). Greif (1989, 1994) argued that organizations inherited from the past and cultural beliefs shape the choices among alternative institutions, among other reasons, because the interaction with specific networks determines whose identity is known to whom, and where information flows, while cultural beliefs coordinate expectations.

This conceptualisation of institutional innovation is depicted in Figure 3. The information – action loop of Figure 2 is now reconfigured into two loops. In the first loop (top), agents do rule-following and a routine situation X leads to a routine action Y. It is an action already experienced as acceptable and leading to an expected outcome Z. Routine action is repeated mechanically in the *reproduction loop*. But the model is now reconfigured to include a second loop in which agents face new or unknown situations X or understand that Z is unacceptable. Insufficient or unacceptable information do not define an appropriate course of action. Other higher-level institutions and networks hold a role as enablers and persuaders of action and inform what experimentation is possible and adequate for the social setting. An *evolutionary loop* (bottom) thus appears in which reflexive action takes over routine rule-following and the “skilful actors” begin their innovation and learning. Experimental actions are embedded in networks that influence both the interpretation of the situation and the final decision-making. In the long run, if the response Y’ is tested and perceived as suitable to achieve acceptable results Z’ every time that circumstances X are present, then the action is repeated for that situation and eventually becomes the accepted course of action, which may be imitated by others in the network and may cement as institutions in the long run. Institutions hence do not grow out of infallible design and in fact they can be the outcome of mistake, speculation, coincidence, and erratic behaviour, but once in place as acceptable actions, they acquire stability and resilience.

Figure 3. Institutional innovation and change



Economic action in the face of new information is basically an experimental process guided by pragmatism, previous experience, values, and sometimes the persecution of a specific goal (Beckert, 2003), because agents are not perfectly rational but driven by bounded experimentation and learning. Their actions are guided by “rational learning” meaning that while they are engaged in a rational process, by the very act of learning not all information is possessed, so intuition, emotions and ideals play a role. In the same vein, given that learning is an individual process, agents are diverse in themselves and diversely positioned in social networks, so the economic agent is not “a given”. Learning is conceived as more than just acquiring information; it is the development of new habits, means and modes of cognition, calculation and assessment. Learning and experimenting are transformative and reconstructive processes, involving the creation of new habits, preferences, propensities and conceptual frameworks. The methods and criteria of optimisation are themselves learnt. Jens Beckert (2003) provides a theory of action in economic contexts of complexity and novelty. Uncertainty not only makes it impossible to identify a ‘best’ solution but to link accurately the causal relationship between means (strategies) and outcomes. Every situation has several readings judged as adequate by the actors. In turn, decisions depend on joint interpretations of the situation within networks of belonging. This is where inter-subjectivity and networks play a role, since orientations, perceptions of values and beliefs are formed with the expectations brought on them by the social surrounding where they are embedded (Uzzi, 1996; Granovetter, 1992). In the process of (institutional) innovation by experimentation, possible future states are considered along with the strategies to reach them. Experimentation represents a creative achievement on the part of the actors that demands imagination and judgement, taking a reflexive distance from rule-following. Outcomes are evaluated and tested until an acceptable solution is reached. The term “acceptable solution” notes that it need not be “optimal” but one that resolves a situation and/or represents an equilibrium, or re-stabilization in combination with the conditions of power. We expand on this point below.

When actors succeed in framing a new mode of action and repeat it in similar situations, then “something new enters the world” (Joas, 1996:128). Aoki (2007: 11) defines the process of configuring new institutions as an “equilibrium displacement and its reconstruction”, which represents the transition from one stage of equilibrium to a stage of experimentation, followed by another state of equilibrium represented by a new institution. Aoki considers that once an institution acquires a linguistic or symbolic representation recognized and reproduced by other agents, it may be regarded to have existence as an objective reality, which implies that it has evolved into a viable

institution. Greif (2011: 25) states that a social situation is 'institutionalized' when it "motivates each individual to follow a regularity of behaviour in that social situation and to act in a manner contributing to the perpetuation of that structure". For an institution to be perpetuated, Greif continues, "its constituent elements must be (1) confirmed (not refuted or eroded) by observed outcomes (2) reinforced by those outcomes (in the sense that its ability to be self-enforcing does not decline over time) and (3) inter-temporally regenerated by being transmitted to newcomers." Institutions, therefore, can be conceived as points of equilibrium and stabilisation when they have climbed a step in the ladder, in the words of Brousseau and Raynard (2007), and reach a new alignment between the pre-existent institutions, and prevalent values, expectations and outcomes in a particular social setting, so they start to be reproduced without much reflection. Hollingsworth (2002: 6) draws attention to Legro (1997) in highlighting the differing strengths of institutions as indicated by their 'simplicity' (in how well they are interpreted and ease of application), their 'durability' (in terms of how long they were in existence and their legitimacy), and their 'concordance' (in terms of the breadth of application). These elements are characteristic of a state of equilibrium and stabilisation - with slow evolutionary processes ongoing - and may last for a very long time and seem indefinite.

4. Civic innovation as endogenous institutional change

The approach presented in figure 3 refers to any type of institutional change at an abstract level and follows recent empirical insights on institutional change that integrate an evolutionary approach with network considerations. There are several instances of institutional change, depending on whether its trigger is novelty (a new situation), and whether it is exogenously or endogenously-driven. This section will look into these three cases and subsequently delve into the conceptualisation of civic innovation as the endogenous type of institutional change.

The first instance of institutional change is when situations are new or incongruent with the information that individuals get from existent institutions because the situation is completely unknown. The circumstances are new or different (X is unknown), so there is no clear inclination on what path of action Y to follow. A response needs to be formulated. The second instance of institutional change is the exogenously driven one, in which following a rule Y does not lead to the expected outcome Z , because there have been recent changes in the environment that have reduced the applicability of the institution. In order to still obtain Z in circumstances X or X' , a different path of action (Y') needs to be sought. The third instance is the endogenously-driven institutional change one, in which the social values underpinning an institution have changed in such a way that they are inconsistent with the path of action Y or the outcome Z . In other words, following the rule has become unacceptable and in the situation X , agents seek a different path of action Y' to obtain an acceptable Z' . Greif (2011) refers to this situation as an "institutional disequilibrium" which results when an institution ceases to represent an accepted alignment between beliefs, cultural values and experiences, on the hand, with courses of actions, expectations and outcomes, on the other.

4.1 Networks and interests

The endogenous institutional change stems from a political conflict that compels agents and their networks to take actions in search of new institutions. For example, slavery was widely accepted 200 years ago, but it then became unacceptable to some (i.e. due to a change in beliefs and values). Eventually it was subsequently banned by law (a change in formal institutions). Agents resist the prevailing institutions and experiment with different courses of action collectively, sometimes with organised collective action or through simple non-compliance. In the long run the consistent deviation from a rule may devoid it of its normative content and allow others to experiment with

different courses of action. This can occur either due to exogenous shocks or due to endogenous modifications in the habits that occur gradually over time as a result of the erosion of the institutions and may ultimately make them obsolete (Greif and Laitin 2004). Organised resistance may be part of the configuration of a new rule as well. Activisms occur within networks that condition and support experimentation towards the construction of new institutions.

Civic innovation corresponds to the third type of institutional change presented in this paper. It originates in a clash of values, is highly politicised and is related to a number of elements. The first ingredient of civic innovation is the interest to act in the political arena. It is not enough to disagree or feel uncomfortable with an institution; civic innovation requires motivation to take action against a rule. Several scholars have studied this issue and Beckert (1999), for example, explores integrating 'interest-driven behaviour in institutional change' to institutional organisation theory. Beckert critically advances an understanding of the role of 'strategic agency' as the 'systematic attempt to reach conceived ends through the planned and purposeful application of means' (Beckert, 1999: 783). The author suggests that institutional rules and agency act as 'antagonistic mechanisms that contradict each other', and destabilize each other but remain interconnected. Other authors refer to 'intentionality' of action as guiding conscious deliberation and self-reflexive reasoning (Lawson, 1997). Joas (1996a: 158) defines intentionality as 'self-reflective control which we exercise over our current behaviour'.

4.2 Power struggles and change agents

A key characteristic of civic innovation is a dialogue of power asymmetries, in which existent rules embed power and there are degrees of resistance in an attempt to configure new rules. Civic innovation is the type of institutional change that unequivocally involves power struggles between different groups as they wrestle to gain control over the 'rules of the game', and build 'asymmetries' in their favour (Marghlin, 1991). From an Institutional Political Economy perspective, several scholars (e.g. Bardhan 1989, Bowles and Gintis 1993, and Perrow 1986) have elaborated on the role of power in shaping institutions. The study of civic innovation needs to be "acutely aware of various types of" power. Drawing off Emerson (1972), Molm (1990) distinguished two levels of power including structural power, as the 'potential power created by the relations of dependence among actors in exchange networks', and the strategic use of power by actors, influencing outcomes of exchange. Towards overcoming the dichotomy of power driven by agents or structure, Gaventa (2003) draws attention to Foucault (1998), with power perceived as beyond either individuals and institutions, and rather 'dispersed and subject-less' and 'ubiquitous': 'Power is everywhere: not because it embraces everything, but because it comes from everywhere...' (Foucault, 1998:63). In this view, power may be a major source of social discipline and conformity, so the control over the rules of the game is as critical as the space to exercise agency. Our 24/7 citizens, therefore, do not just want to be able to decide when to abide by the rules and when to deviate. The 24/7 citizens want to create new rules of the game they play with others and perhaps shift to an entirely different game if the new institutions eventually reach an equilibrium, or restabilization, with a different balance of power.

Among the 24/7 citizens that aspire to achieve different rules, some actors may perform critical roles as leaders or change agents. In the field of organisational studies, there has been a rich discussion on 'institutional entrepreneurs', a term coined by DiMaggio in 1988 to define the actors that are involved in transforming existing institutions or creating new institutions. Using a resource-mobilisation argument, the leading agents may draw on resources to influence others and to support prevailing institutions (the status-quo) or to formulate new institutions. Towards a more elaborate definition, Battilana (2009: 72) describes 'institutional entrepreneurs' as individuals or organisations that 'initiate, and actively participate in the implementation of changes that diverge from existing institutions, independent of whether the initial intent was to change the institutional environment

and whether the changes were successfully implemented'. Such changes may be within organisations, or within their existing environment. Gomez (2008) highlights the characteristics of such entrepreneurs as 'skilful and resourceful' and notes their capacity to engage in 'collective action'. Yet 'change agents' may have diverse capacities and influences (Ford, 2008). In emerging enterprises, Ritchie (2013) elaborates a typology that includes socially motivated trailblazers permitting liberal institutional processes, and self-oriented gatekeepers endeavouring to retain control and limit institutional access and development.

With disagreements between the rational choice proponents (Axelrod, 1984) and sociological institutionalists that dwell on actors' interpretation shaped by structure, Fligstein advances a number of theoretical propositions that aim to better incorporate people's interests and power in institutional change processes (Fligstein, 2001). Firstly, skilled social actors may be imperative in new field emergence to gain the cooperation of others and to change agents -we have referred to them as institutional entrepreneurs-. Secondly, skilled actors can establish new cultural frames by establishing 'compromise identities', which appeal to many groups. Thirdly, skilled actors that are part of existing powerful groups may draw on existing rules and resources to 'reproduce their power'. Fourthly, skilled actors in challenger groups may create niches and avoid dominant groups. Fifthly, where there is more stability and less external threats, actor social skills may matter less. Sixthly, skilled actors in dominant groups may tend to stand by the status quo, even in a crisis. And finally, new frames may emerge from 'invader' or 'challenger' groups, and thus they may either establish a political coalition, or create new frames that 'reorganise interests and identities'. Yet whilst these propositions expand our thinking on the various possible strategies of 'skilled groups', they do not incorporate more diverse actor motivations (and capabilities) that may lie beyond power-oriented incentives. Bringing about a change may require important collective action from a large number of individuals, as well as cooperation from others and strategies to overcome the opposition of those who stand to lose from the change. Such contingent alliances of collective action and cooperation may be generated by persuasion, through the use of new or existing organizations, or, according to Greif (2011: 36), "less commonly, through the rise of a charismatic leader". Meanwhile going beyond 'institutional entrepreneurs' as critical actors, Battilana (2009) draws attention to Eisenstadt (1980) who argued that these agents may be just one 'variable' among a 'constellation' of others in the change process and may not be a critical ingredient in organising resistance.

Besides the political interests, the conflicts around the configuration of new institutions, and the skilful actors that may give voice to the process, the fourth element of civic innovation is the network that nests and nourishes the resistance, the 'activisms'. In moving away from individualism and towards exploring collective agency, Granovetter (1992) posits that 'stable' economic institutions emerge as growing 'clusters of activity' around existing personal networks. Granovetter theorises that the level of network fragmentation and cohesion, or 'coupling and decoupling' is a significant indicator of potential outcomes, and that actors whose networks straddle the largest number of institutional spheres will have the most advantage. Fligstein (1996) theorized that new paths of action could be opened up and institutionalized by 'skilful actors' by repeated learning within networks. Meanwhile Hollingsworth and Boyer (1997: 451) describe collective action as required to overcome the 'hysteresis of inefficient institutions'. Hage and Alter (1997: 120) further expand upon the motivation for inter-organisational evolution in the formation of linkages and alliances (within and between sectors) in more 'complex forms of coordination'. And they suggest that this may be driven by economic incentives (North, 1990), the importance of innovation, and the 'reduction of adaptive costs'. Grabowski (1999) looked at the impact of networks on market integration and theorised that the process of 'integration' is believed to occur through 'bridging holes in social networks' and is carried out predominantly by entrepreneurial middlemen.

The process of civic innovation, as a special case of institutional change, spins around control over the configuration of institutions and depends on framing interests, engaging with power in the

political arena, and conforming groups of interests with or without actors that will give a voice to the process. Civic innovation is by definition bottom-up and it is located among the citizens that resist rules, the values and the power embedded in them. That means that they stem from the needs, demands, and conscious interests of the citizens and their activists. However, institutional change may also be initiated by external civic innovators that successfully insert themselves among those that pursue actions of resistance and manage to operationalise and stabilise a range of local actors around these other values, such as NGOs (Ritchie, 2013). In that case, local agents may be further reinforced in their own agency, or be able to garner collective agency. Or if unsupported, in less amenable conditions, they can equally be thwarted by others' agency. In empirically grounded research of women's businesses in Afghanistan, Ritchie (2013) has advanced the critical role that NGOs can specifically play as institutional innovators and guides; the need for legitimacy in reshaping and ongoing institutional development, led by the entrepreneurs; and the importance of gaining the support of local authorities (as local power holders). Ultimately the research underscores the value of attaining cognitive synergies between these major players, in a receptive and stable context to permit institutional change and development. Yet the social and political motivations of dominant local actors may influence their ongoing evolution, and the scope of equitable outcomes.

Towards understanding institutional sustainability, Brousseau and Raynard (2007) highlight the influence of 'time and space' on institutional flexibility and strength, with earlier stage institutions more adaptable but (still) threatened by alternative rules. They discuss institutional options that may be available from different localities. They describe the launching of a competitive process, as institutions created locally by self-interested actors participate in a 'race for generalization'. They suggest that local lower level institutional arrangements tend to seek to become part of 'higher order institutions' in the overall institutional framework, 'climbing the ladder' of institutions. Yet as indicated by empirical research (Ritchie, 2013), actor interests may be more nuanced than this, and actors may be further influenced by environmental effects or even other actors. Chang (2011) further describes broader processes of development as influencing the nature of institutions themselves, and actor motivations towards change. He describes economic development in particular as triggering agents to demand new and better quality institutions, and permitting the 'affordability' of these new institutions

Conclusions

Institutions are important social phenomena, because they can constrain or enable social change. They can be the target of civic change or the vessel for civic change. We first proposed a definition of institutions as socially embedded systems of rules (Figure 1), with two constitutive elements: (1) rules or norms, prescribing socially acceptable behaviours, and (2) underlying values, habits and dispositions shaped by beliefs and ethical representations, sometimes triggering hidden, tacit, and implicit reactions when challenged. In some institutions, there is a critical moral content and in others there is not. Likewise, in some institutions the power dimension is critical and in others it is not. In all cases, institutions structure social life and create dispositions among agents to behave in certain ways, although agents may deviate from these rules.

We analysed the process of institutional change in a double loop (Figures 2 and 3). The institution – action loop in figure 2 discloses an understanding of institutions as points of equilibria, in the sense that the rules of action are stable and are being repeated without much thought. However, we identified that this representation needs to be further theorised in a number of areas, namely the role of outcomes upon human representations of the rules, the diversity of institutions, and the complexities of institutional change. We differentiated horizontal and vertical diversity of institutions to capture the variety of institutions that apply to different individuals and their networks of belonging, on the one hand, and the hierarchical layering of institutions with varying degrees of

durability. We followed the metaphor of the mosaic, specifying that different institutions apply to agents in several spheres or tesserae. By layering institutions hierarchically, we were able to introduce a principle of institutional change, in which new institutions are only partially new, in the sense that they emanate from the prevailing institutions of a higher hierarchical order. This allowed us to delve into the complexities of institutional change, which we depicted in Figure 3. Moreover, layering gives an indication of the scale of collective action needed to challenge institutions of different hierarchical levels.

We emphasised the role of experimentation, learning and networks in the process of institutional transformation and differentiated among three types of institutional change, namely novelty, exogenously-driven and endogenously-driven. The first one refers to situations which are completely new and for which a repeated action is formulated as the most acceptable one. The second one refers to changes in the circumstances that lead to a certain action and which have changed the outcome of the rule-following to one which is different to the one expected. A new rule of action therefore needs to be configured. The third instance of institutional change is the endogenously-driven, in which the values that sustain the rules of action have changed, and the actions or their outcomes have become unacceptable. This is the instance of civic innovation, which has a high dose of political motivation and collective action (organised or not). Civic innovation takes place in networks of belonging or activism. It represents a confrontation of power asymmetries embedded in the rules and related to the control over making rules. Its first basic element is a clash between institutions and the values these represent. The second basic element is that the actions to change the institutions entail collective action in the public space, as opposed to a private act, and collective learning. While some agents promote their own institutions, others may simply resist the institutions of others. The process is permanent –equilibria are always unstable agreements between groups that uphold institutions and groups that challenge them- so social structures are never to be seen as unchangeable. At the same time, they are points of relative stability within specific groups in times and places, so institutions are “out there” with ontological weight, which means that they have real impact on agents’ actions and can be studied.

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