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30th RESER International Congress: Value Co-creation and Innovation in the New Service Economy

The critical role of the State in the emergence and scaling-up process of social innovation networks

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In the context of social innovation, collaborative governance and in particular innovation networks has gained importance. This paper focuses on the potential for scaling up according to the institutional arrangements and context of different countries. A grid for analyzing the degree of state control of citizens' and local initiatives is proposed in order to study the different forms and intensity of scaling up.

1. Introduction and Context

Given increasingly scarce financial resources and the new demands of citizens for services, governments are in search of solutions to continue providing public services while reducing costs.

One of these solutions consists in encouraging different actors (associations, social entrepreneurs, citizens...) to develop innovations with a public service objective. Concurrently, the third sector is developing social solutions in response to needs not met by the market or by the government. These solutions require the collaboration of various actors, including the public sector. These initiatives lead to the networking of stakeholders from the public and private sector. When these initiatives are successful, the question of generalizing these initiatives to a larger scale arises.

The purpose of this paper is to analyse the role of the stakeholders, and particularly the public actor, in designing, commissioning, delivering, controlling, and upscaling, collaborative social innovation.

In the research field, studies on governance networks have been developed since the early 1990s. Initially focused on the contribution of networks in effective policy making, then on the role of governance for democratizing public policy making, the third wave of research focuses on how governance networks may contribute to the innovation in the public sector (Sorensen Torfing, 2010). In addition, Desmarchelier et al, (2020) observed that an overall trend towards the “tertiarization of innovation networks”, which is reflected in the proposal of new forms of organizations in which hierarchy is replaced by horizontal networks, and more attention is given to multi-criteria assessments. Among the three paradigms of public administration that reflect the different modes of coordination (traditional public administration, new public management and new public governance), this trend corresponds to the New Public Governance approach in which public administrations becomes equal partners to private actors and citizens in value creation.

Our hypothesis is that there are main differences of how these social innovation networks emerge, operate and deliver services to citizens in different institutional settings. These institutional arrangements – rules of the game – can be scrutinized in a given time and place. The formal institutions are shaped by the government which decide on public policies. However, decision-making of the state is not fully free due to path dependency and the informal institutions of the given society.

In order to explore this hypothesis, several case studies concerning collaborative governance have been studied in two countries with different institutional contexts, different temporality of centralization/decentralization and political context: Hungary and France.

2. Literature review: social innovation, collaborative governance, institutional arrangements, and scaling processes

We use as a framework the literature on public service innovation networks, as well as the literature on political economy and institutional economics. Different patterns of institutional arrangements and coordination mechanisms (Acemoglu, Robinson, 2005, North, 1990) could be in favour of innovation networks and entrepreneurial activities, or on the contrary, could undermine them (Baumol, 1990; Pasquier, Perron, 2008). On the other hand, countries are anchored in different welfare regimes, thus the degree of State intervention in collaboration innovation networks depends on the country's history. The relationship between the state and the economy has an impact on the management of social issues (Esping-Andersen, 1990). These coordination mechanisms, between these rather local innovation networks and the State, may influence the capacity of scaling up innovation.

The second part of the theoretical framework concerns the notion of *scale-up*. The perception of innovation has evolved over time. Compared to technology adoption, more attention is now given to the multi-dimensional nature of innovation and the consequences of interdependent changes on a broader systems, and consequently, on

the possibility of diffusion of innovations: Scaling up requires different levels of scale, the involvement of multiple stakeholders, and can result in different types of organization of the dissemination process (Schut et al, 2020). Scaling of innovation involved different processes (Wigboldus et al 2016). The process of *upscaling* refers to the creation of conducive conditions and policies for scaling at higher levels. The process of *outscaling* refers to the spreading of something within the same sphere. The process of *downscaling* is the adaptation of existing practices in a local context.

Finally, in order to better identify the process of innovation and the emergence of these modes of collaborative governance, as well as the scaling processes, we use the findings of Greenhalgh et al. (2004). This author highlights three processes of diffusion of service innovations (let it happen, help-it happen and make-it happen). According to this author, the Make it happen feature leads to the dissemination of a readymade model to designated adopters; the Help it happen feature creates the conditions for effective diffusion of innovation, but enables adopters to adapt the model to their local conditions; the Let it happen feature allows actors to develop their own solutions, without inducing a model. These features focus on how collaborative networks can emerge and how the network can be structured as a means to facilitate the diffusion of innovation.

3. Methodology

This study is based on a qualitative research approach applied in different work packages of a European research programme named CoVAL. Five case studies have been carried out, in particular in France and Hungary, on the same social issues (elderly care, education, Immigration, long-term unemployment, environmental protection) with the same “case study framework”¹. The case studies were detected mainly by keyword via the Internet and through literature review. The research method used is in-depth interviews with the key actors of each network.

The case study framework of interviews is composed of five key dimensions: The type of innovation/type of innovation process, the type of Innovation network, Innovation drivers and barriers, Institutional factors and the impacts or performance of the network. Relevant documents from each organization have been analysed as supplementary data.

This paper does not aim at making an empirical contribution about the cases studies but rather to contextualize from a conceptual and theoretical point of view empirical data collected through different work packages. The objective is to discuss the critical role of the State in the co-production of social innovations. If we consider that France and Hungary are rather centralized countries (compared to the federal systems in Germany or the United States) but with two different processes (or stages) in administrative and political regionalization (Pasquier & Perron, 2008), is there any impact in the

¹ Merlin-Brogniart C. (2019), Rosta M., Révész E. Katona M., (2019).

emergence of social innovation networks and their role in the spatial diffusion of these social innovations?

4. The role of the government in the diffusion of social innovation related to public service within collaborative governance

The analysis of the Hungarian and French case studies reveals that the historical context of welfare-state formation, and the more recent institutional arrangements (such as decentralization in France or regionalization of public action in Hungary), has an impact on the mechanisms of diffusion of the social innovation created by these networks.

The results indicate that in countries with a state-centred tradition, the state continues to try to control over social innovation networks. In another context, the state can position itself as a driver to solve social problems by providing the framework and encouraging stakeholders to develop innovation networks, but too much formalization of support can be prejudicial to the to the spontaneous mechanisms of cooperation.

Dissemination also depends on the social innovation nature and the type of innovation process. Some social innovations could not easily be standardized to be disseminated: a case-by-case basis dissemination taking into account local specificities is often needed. A bottom-up innovation with a strong local character may have more difficulty in becoming generalized than innovation networks set up within the framework of a help-it-happen feature. The latter integrates from the outset methodological tools implemented with the aim of being replicated in several territories.

While communicating success stories of social innovation networks and disseminating the innovation is in the nature of the innovation itself, attempts to upscale these social innovation networks, or to re-internalize innovation projects into public structures, might also have negative consequences on the sustainability of these networks. For example, Top-down projects are sometimes more difficult to be accepted insofar as the actors in the network are not involved from the beginning, in the innovation project. On the contrary, bottom up projects might be interrupted because of a lack of money.

According the theoretical framework described in section 2, we propose a grid of analysis that takes into account: 1) the processes of diffusion of service innovation; 2) the nature of the social problem generally associated with the processes identified, the difficulties associated with each processes; 3) the degree of centralization/decentralization/regionalization of each national institutional settings. The aim is to discuss about the critical role of the state level in the emergence and (spatial or institutional) diffusion of social innovations, that is to say the propensity of a state to keep control despite a discourse in favor of the co-creation of public policies or public services.

5. Conclusion

This paper shows that, within collaborative governance, the institutional context as well as the degree of government control plays a role in the intensity of scaling up of social

innovation related to public service. The actors who create social innovation and the type of public management at work may differ depending on the history of the country.

On the other hand, the degrees of leeway left to private actors (such as private firms, NGOs, associations, foundations, social enterprises, individual service consumers/users and individual citizens), as well as the weight of social actors, depends on the context. In some countries, some social entrepreneurs can easily initiate a solution on a local scale, whereas in others countries, it will depend on the law and public prerogatives. If private stakeholders may have a significant role to play in the creativity and initiative of collaborative networks as boundary spanners, or as leaders of the innovation network, the government and more generally the public actors, seems to play an important role in the context and nature of the scaling up of the social innovation. Depending on the country, public actors have a more or less significant role in controlling the accompaniment of projects. The government controls the evolution of institutional arrangements or legislation and therefore has an influence on the development and scaling up of projects.

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Declaration of interest statement

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