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# Participatory Democracy as a Favourable Context for Social Innovation. Evidence from the European Union

**Mihnea S. STOICA**[1]

[1] Faculty of Political, Administrative and Communication Sciences, Babeş-Bolyai University Cluj-Napoca, Romania, mihnea.stoica@ubbcluj.ro

**Abstract**: While innovation has evolved into a common concept for quite a few decades now, especially given the need for new forms of development that require technology transfer and creativity mechanisms, less so is the case of social innovation. The latter remains a rather controversial concept, caught between two extremes: some authors consider it to be useless for academic research given its vagueness, while others point to its sacrosanctity given the need for new ways of societal and political development. Knowledge-creation, idea generation and openness are mechanisms that any type of innovation relies upon. However, social innovation takes these concepts one step further and seeks to become a driving force for institutional change, therefore strongly linked with how liberal democracy works. The current paper aims to look at how social innovation is linked to the participative component of liberal democracy by looking at case studies from the European Union.

**Keywords:** *social innovation; participatory democracy; European Union; Social Innovation Index; Participatory Dimension of Liberal Democracy.*

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## 1. Introduction. Towards a definition of social innovation.

Despite having been researched for quite a number of years now, social innovation is still at the heart of intense academic debates related to its definition, characteristics and even usefulness. Only a decade ago, scholars were still asking themselves whether the concept is relevant for research or if it remains a simple buzz word (Pol & Ville, 2009, p. 878). One of the conclusions was that social innovation is indeed useful, but only if it has a certain degree of desirability (Pol & Ville, 2009, p. 882). Although references to the concept of social innovation have been identified ever since the first half of the last century, the debate remains of high interest, as social innovation "moved center stage" (Murray et al., 2010, p. 3). Over the last decade, social innovation has received growing attention from researchers, since it is considered to represent a key aspect in addressing social problems that are generated by the crises that contemporary Western societies are faced with (Unceta et al., 2017).

Historically, Joseph Schumpeter is viewed as a reference author for innovation in general and for social innovation in particular, as he stressed its relevance in meeting the structural changes which would later become more and more prominent in contemporary societies, especially those related to technological and institutional transformations (Hospers, 2005, p. 21). In fact, one of the schools of thought of social innovation is closely linked to Schumpeter's name, a school under the auspices of which specialists in various fields seek to develop innovative methods to meet the social needs faced by different troubled communities (Defourny & Nyssens, 2013, p. 42).

But social innovation became an independent research topic only as the 1990s approached, when decisionmakers and scholars alike paid more attention to how local communities can work towards their sustainable development. A schematic definition of social innovation would describe the concept as the intrinsic potential of communities to respond to and adapt to external crises (Baker & Mehmood, 2015). Unsurprisingly, studies that analyze social innovation are closely linked to the field of sustainable development, as it becomes essential that the contribution of social innovation is projected on the long-term. Other definitions consider social innovation to be a process that involves inventing, securing, and supporting the implementation of innovative solutions to various social problems and needs (Phills et al., 2008, p. 36). Social innovation is thus theoretically detached from the simple "social invention" because it involves a much more complex process (Westley & Antadze, 2010, p. 2).

The European Commission (2013, p. 6) described social innovation as one which aims to involve the individual - representing part of the community which it belongs to. Therefore, one of the roles of social innovation is that of promoting relations between individuals. In its understanding of the concept, the European Commission considers innovation to be social as long as it aims to add value to society as a whole. Therefore, an essential feature of social innovation is that it does not remain insular, but concerns the overall community (CAF/CADIDELP, 1999, p. 8). However, what remains relatively unclear is the scale used to measure the impact (and, as such, the need for intervention), as does the degree of urgency. Based on the observation that social innovation needs to be "significant" (Nilsson, 2003, p. 3), the concept must take into account three major dimensions: impact, purpose and resonance. But another difficulty in measuring social innovation remains the extent to which one considers it to be a process in itself or a product, most studies leaning towards the first interpretation (Baker & Mehmood, 2015). In any case, the involvement of the community in the development of public policies that address a certain problem perceived as relevant and urgent is at the core of the concept, which makes social innovation to be placed at the conjunction between institutional and community and which aims to prompt systemic change (Franz et al., 2012, p. 6).

## 2. Literature review. The role of participative democracy in allowing social innovation to thrive.

The success of social enterprises – which represent the vehicle of social innovation – is considered to be primarily linked to the performance of communication channels between citizens, civil society, public and private organizations and actors. Therefore, social innovation offers a new interpretation for governance relations and significantly transforms them (Baker & Mehmood, 2015). Researching social innovation becomes necessary today, at a time when various forms of political participation are experiencing major changes. Reluctance and disappointment with politics build the need to identify new methods of engaging the citizen in the process of local government, the absence of which paves the way for populism.

In fact, the declining trust in institutions and elected politicians mobilizes discontent with politics altogether, fueling sentiments of distrust, cynicism and alienation (Krouwel & Abts, 2007). Parallel to this, populist politicians extensively use their own image as a counterweight to the general

figure of all other decision-makers, building their own legitimacy in the eyes of the electorate as outsiders who have made a sacrifice and have taken up the risks of entering the political arena. The rejection of the "anonymous bureaucrat" proposed by what populists call "the establishment" has also prompted an excessively personalized party politics – the representatives of which claim to speak on behalf of the voiceless, the honest and the authentic people, in fact identities that counterweight the image of the "corrupt elite" holding key national or European positions (Krouwel, 2012). Assuming the identity of constant whistleblowers, populist leaders vow to break down all intermediary structures that they claim do nothing but hamper the democratic process, depriving citizens of their central position in society. Populists also criticize today's democratic systems – which they consider have come to resemble "diploma democracies", in fact a system in which only those who adapt to the constant societal changes can have their voice heard, a reality that is detrimental to the larger masses (Bovens & Wille, 2011). The populist narratives polarize, given their tendency to favor the frame of a "conflict" rather than that of a "debate", building perceptions of the "others" not as competitors, but as enemies (Nicoli, 2014).

Social innovation is relevant in this sense as it encourages interactions between private, public and societal actors, which carries new social values precisely because it reinterprets the roles and relationships between them. Therefore, social innovation involves addressing new governance practices, by strengthening accountability especially at the local level (since necessities have a profound local profile) and understanding the mutual benefits that arise from these collaborations. It is therefore noteworthy that in order for social innovation to take shape, it is necessary to assume the active participation of various actors within the society, therefore transcending the traditional approaches (Lubelcová, 2012, p. 311). Many scholars relate social innovation to co-creation, which entails a system of distributed innovations that brings together a variety of actors, which are in fact stakeholders in solving specific social problems (Lee et al., 2012, p. 824). It is a tendency that we will most often find in liberal democracies.

If we choose to deconstruct the relationship between social innovation and liberal democracy we arrive at two concepts that are traditionally in the attention of social science scholars, namely the civil society and the state. At the tension between the two lays the so-called participatory democracy, which is also referred to as deliberative democracy. The theory underlines that in order for participatory democracy to exist, it is absolutely necessary that societies meet the following criteria: individuals have the skills to participate and actively use them by interacting with

authorities; such interactions focus on changes that make the social and political life more democratic; and that the changes such interactions generate are structural Such a form of popular participation to decision-making became a widely-spread practice in Western political culture during the 1980s, most often related to "participatory budgeting" (Pateman, 2012, p. 10). In Europe, but not only, this practice is considered to be a key factor in the success of urban development. In this sense, despite being sometimes criticized as being ideologically rooted, urban development through participatory budgeting came to be accepted as a reaction against the alienation of large groups of the urban population (Moulaert et al., 2005, p. 1986).

Participatory budgeting is considered to represent one of the most significant contributions to participatory democracy, as it allows stakeholders to take social control (even if limited) over the municipal public resources.[1] Given the current context of low trust in decision-makers, participatory budgeting becomes a symbol of modern local governance since it breaks down political power in favour of civic movements, a process which in turn has positive effects on the image of political parties as well (Cabannes, 2004, p. 45). Therefore, participatory budgeting appears as a means of achieving social innovation, given the fact that a certain number of stakeholders can lay ground for co-creating, by initially applying social (and even political) pressure on the destination of public resources. We must also note that concerns have been raised towards the fairness of the participatory budgeting process (Fain et al., 2016), as well as towards its consumption of resources (Gilman, 2016, p. 3). However, these do not significantly hinder its potential for social innovation, drawing on the empowerment of citizens to co-produce public policy and influence decision-making.

## 3. Methodology

In order to gain a better understanding on the democratic context that favours social innovation in the European Union, we examined the relationship between social innovation and the participatory component of democracy, by looking at public data made available by the Social Innovation Index (2016) delivered by the Intelligence Unit of The Economist, and the Democracy Report (2020) of the V-Dem Institute. First of all, we look at how these documents conceptualize social innovation, and respectively the participatory dimension of democracy. The Social

[1] However, diferences in the experience of participatory budgeting can be striking, as in some cases only 1% of the budget is available for consultation.

Innovation Index quotes the *Theoretical, Empirical and Policy Foundations for Social Innovation in Europe (TEPSIE)* project, and considers social innovation to refer to "*any project or activity that is new, that meets a social need, that engages and mobilises its beneficiaries, and that to some extent transforms social relations by improving beneficiaries' access to power and resources*" (The Economist, 2016, p. 8).

The V-Dem Institute's Democracy Report refers to the participatory principle of democracy as "*active participation by citizens in all political processes, electoral and non-electoral. This principle prefers direct rule by citizens as practicable. The V-Dem Participatory Component Index (PCI) takes into account four important aspects of citizen participation: civil society organizations, mechanisms of direct democracy, and participation and representation through local and regional governments*" (V-Dem Institute, 2020, p. 36). Each of the two indexes attached a score to a number of countries: the Social Innovation Index presented the overall score of Social Innovation (SI Index) for each of the countries comprised in the document, while the V-Dem report presented country scores for the liberal democracy index and all components indices, amongst which the participatory component index – which constituted the date the current paper took into consideration (PD Index).

## 4. Results. The participatory dimension of democracy as a function of social innovation

The growing challenges facing the European Union have prompted many Member States to seek new ways of approaching the social and political realities which have been persistent over the last decades. It is in this sense that social innovation is perceived by many national Governments, as well as European institutions, to represent a means for tackling the high levels of unemployment, as well as the lack of social and territorial cohesion. However, scholars point to the fact that the context in which social innovation is applied is very sensitive and might generate different outcomes from one country to another, from one community to another (Grimm et al., 2013, p. 450). For the European Union, social innovation represents ideas that are effective and that manage to solve pressing social needs through new social relationships that enhance the society's capacity to act (Fougère et al., 2017, p. 830).

Based on the data contained both in the V-Dem Institute's Democracy Report and the Social Innovation Index, we ran a regression analysis with the scores obtained by all European Union countries (and the United Kingdom) found in both reports (N=13), with the SI Index as the dependent variable, and PD Index as independent variable.

**Table 1.** Participatory dimension of democracy as determinant of Social Innovation

| | ***Coeff.*** | ***SE*** | ***β*** | ***Lower bound*** | ***Upper bound*** |
|---|---|---|---|---|---|
| (Constant) | 0.602*** | 0.083 | | 0.419 | 0.786 |
| PD Index | 0.001 | 0.001 | 0.184 | -0.002 | 0.004 |
| Note:***p<0.001 **p<.01 *p<.05 | | | | | |
| | | | | | |

Source: The Intelligence Unit, The Economist 2016; V-Dem Institute 2020.

Our findings show that the participatory component of democracy is indeed a meaningful predictor for social innovation (see Table 1). The value of the Pearson Correlation (0.184) indicates that the association between the two variables is very strong. The value of R2 (0.034) indicates that 3.40% of variability in the SI Index can be accounted for PD. However, we should also take into consideration that all cases represented Member States of the European Union (that have presumably reached a certain degree of liberal democracy), which is also reflected in the small standard deviation (0.04 for the SI Index and 9.00 for the PD Index). The countries that were present in both indexes that the current study looked into were Denmark, Belgium, France, Germany, Sweden, Finland, The Netherlands, Italy, Ireland, Poland, Portugal, Spain and The United Kingdom. The scatterplot reveals further confirmation of the results (see Figure 1).

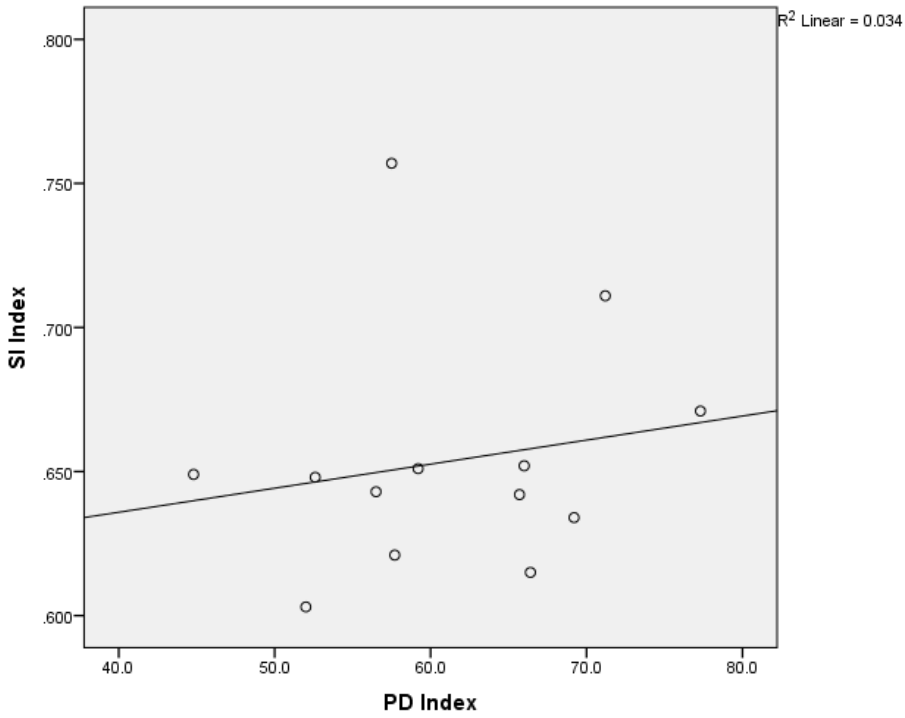



**Figure 1.** Participatory dimension of democracy as a linear function of social innovation.
Source: The Intelligence Unit, The Economist 2016; V-Dem Institute 2020.

## 5. Conclusions

The paper presented evidence that participatory democracy represents a substantial support for social innovation, with a focus on a number of EU Member States. We found data-based evidence that the more a country developed the participatory component of its democracy, the higher its chances of achieving social innovation. However, the current study represents only the foundation for further research into the topic. In order to delve deeper into the relation between social innovation and participatory democracy, it would be useful to look at precisely what aspects of the participatory component are most relevant in paving the way for social innovation, especially given the fact that both of the two concepts are still poorly defined in the literature. Moreover, further studies should also take into account a broader comparative perspective.

Our research shows that even with cases that are similar in terms of their democratic development (as all countries in our study were Western

European[2]), the participatory component of liberal democracy can still make a positive difference for social innovation.

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[2] In this paper, we call "Western European" all Member States of the European Union and the United Kingdom.

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