Governance&Innovation?

Role of local authorities and governance networks in promoting innovative activities in the Nordic Perifery

The 9th Summer Academy. Euracademy Association
The European Academy of Sustainable Rural Development
Suomussalmi, Karhulanvaara, Finland, June 27–July 4 2010:
Sustainable Rural Development and Social Innovation

Tor Gjertsen, Finnmark University College, Norway

From Government to Governance

- **Recent academic and political focus on governance and governance networks is conditoned by;**

  - increasing complexity, dynamics and fragmentation in society (effect of globalization)

  - crisis in main steering systems, market and state (ex: the global financial crisis)

  - public deficit, reduction of public income

Governance and Meta-Governance Descriptive and Normative Science

- Democratization of society is outrunning democratic government
- New government roles should be subject to subsidiarity, and should involve people in the direct determination of the conditions of their own associations (Held, 1997)
- The role of government should not be to substitute for local people's self-organisation, but to support it (Beck, 1997)
- The government would facilitate the negotiation of interests within and between groups capable of self-organisation
- What is emerging is a "negotiation state" which arranges stages and conversations and direct the "show" (Beck, 1997)
- New role of the state: Meta-Governance

How can we define governance networks (Rhodes 1997)?

1. **A relatively stable horizontal articulation of interdependant, but operationally autonomous actors; 2. who interact through negotiations; 3. which take place within a regulative, normative, cognitive and imaginary framework; 4. that is self-regulating within limits set by external agencies; and 5. which contribute to the production of public purpose through collective action**
2. **In order to become a part of a particular governance network the political actors must demonstrate that they have a stake in the policy issues at hand and that they can contribute resources and capacities of a certain value to the other actors**

Variety of Governance Networks

- Depending on the political, institutional and discursive context in which they emerge
- They might be dominated by loose and informal contacts, but they can also be tight and formal,
- they can be intra- or interorganizational,
- self-grown or initiated from above,
- open or closed,
- short-lived or permanent, and
- have a sector-specific or society-wide scope

New understanding of Governance Networks

Wheras the early governance network theorists saw governance networks as a synthesis of state and marked (Mayntz, 1991), later governance network theorists tend to see governance network as distinctive mechanism of governance that provide an alternative to state and market as the main steering systems in society (Rhodes, 1997, Jessop, 2002)

Advantages with governance networks

- Compliance with collectively negotiated decisions is ensured through the generation of generalized trust and political obligation which over time becomes sustained by self-constituted rules and norms
- Increasingly seen as a suitable response to the question of how to tackle complex, uncertain and conflict-ridden policy problems
- Important instruments for the aggregation of information, knowledge and assessment that can help qualifying political decisions
- Establish a framework for consensus building (develop their own logic of appropriateness that regulate the prosess of negotiation, and the resolution of endemic conflicts), and
- Reduce the risk of implementation resistance (by developing a sence of joint responsability and ownership for the decisions)

Why governance networks?

- **The recent surge of governance networks is a result of a pragmatic search for means of effective and proactive governance**
- **But governance networks cannot be legitimized merely by reference to the quality of their output, i.e. to their problem-solving capacity**
- **The imput legitimacy of governance networks is equally important and so is the possibility for ensuring *transparency, democratic control and accountability***

How to make governance networks more democratic?

- **Network governance in terms of accountability has to be representative forums rather than means of participation and direct democracy**

- **One should look for ways in which increased attention to representation can be combined with democratic norms and standards in the concrete practice of network governance**

Accountability, indispensable for democratic network governance

- **Democratic governance depends on democratic accountability, deeply rooted in liberal doctrine of representative government**
- **But it is difficult, even in principle, to identify who is responsable for political outcomes and thus to establish political accountability**
- **The democratic norm of accountability is fundamentally premised on the idea of representation, and equally, or even more, important for governance networks than representative government institutions**

The issue of representation and democratic network governance

- **Networks may alliviate the accountability deficiency of electoral institutions, but it is essential to recognize, first, that network should be a supplement rather than replace electoral institutions and, secondly, that networks themselves must work within a framework of representation**

- **The most important democratic value added by networks is their capacity to bring all of the relevant stakeholders together in relation to a particular decision or problem (or rather representatives of ALL stakeholders)**

Innovation in the Nordic Periphery: A Question of survival?

- **It is hard to imagine that places in the periphery could survive today without at least some space for innovative activity,**

  it is hard to imagine the majority of local innovative activities operating without at least some reference to the municipal institution, and

  it is hard to imagine innovation in the public, private and/or civil society sector not being part of some kind of network or partnership organisation

We need a broader concept of ’innovation’

- **Traditionally the concept of innovation has referred to;**

  - new technical ideas and new marketable products,

  - nowadays also to process innovations in production, supply and services,

  - and learning new ways of organising work in both private and public sector

- **We need a concept that can be used in studies of innovation both in private and public sector – and in civil society**

Innovation in Civil Society

- A typical 'civil society innovation' may be the result of people coming together to discuss the creation of a new summer event for the municipality – to highlight, for example, an aspect of the region's historical heritage
- Such a civil society initiative may get linked to the municipality's cultural policies and be supported by public funding
- In the implementation process, it may engage local businesses in providing logistics and selling the event to an external tourist magnet for commercial purposes
- Thus it will sometimes be hard to distinguish between real business, public or civil society innovations

Innovation:
Definition as spelled out…

…the process of bringing **new solutions** to **local problems**, as **responses** to the challenges presented by the transformation of an increasingly **globalising** and **knowledge-based economy**. Innovations are **new practices** creating **better conditions** for living, employment and economic activities in the localities.

Transformative innovations?

- **An innovation qualify as transformative if it is a process / practice that contribute significantly to the creation of new ways of sustaining livelyhood in Nordic peripheral localities**
- **Transformative innovations involve the emergence and productive use of new connections, networks, meeting places,etc.**
- **Innovations that produce 'new' places**

Local innovations are not ’local’,

- **…but invariably have aspects of a multi-local or trans-local (networking) form**
- **In order to put an innovative idea into practice, a network is neded to overcome institutional or traditional limits, and to combine the efforts of actors from different societal fields**

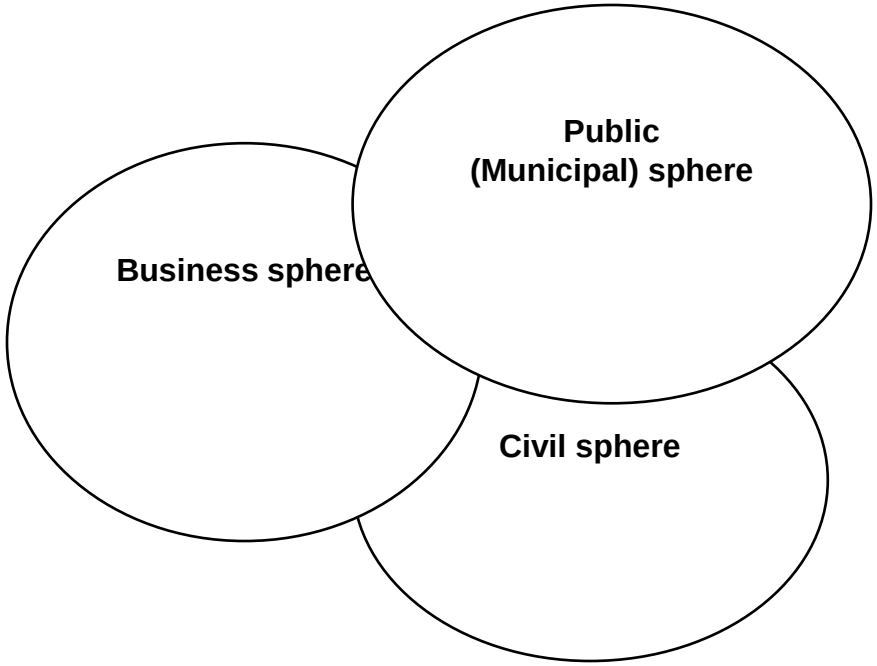
Innovations and networks

- Most often innovations are not only the result of actions by local inhabitants: they materialize in networks in which local and non-local actors and institutions are brought into relations with one another, often across sector boundaries as well
- Innovations are something more than ’projects’, since an innovation is expected to produce a result, more or less tangible or more or less direct, of benefit to the people living in the municipality
- The effect of participating in a development process or partnership may also be perceived as beneficial (learning, building networks and creating social capital)

Networking

- All innovation cases studied are ’networked’ cases
- Networks are horisontally and/or vertically organised (diagonal?)
- Knowledge institution personnel in and outside the municipality are often involved in the process
- Municipal authorities almost always have a coordinating role (meta-governance?)

Innovation concept extended



Innovation in the Nordic Perifery: Municipalities smaller/ larger; east/west; by country (2004)

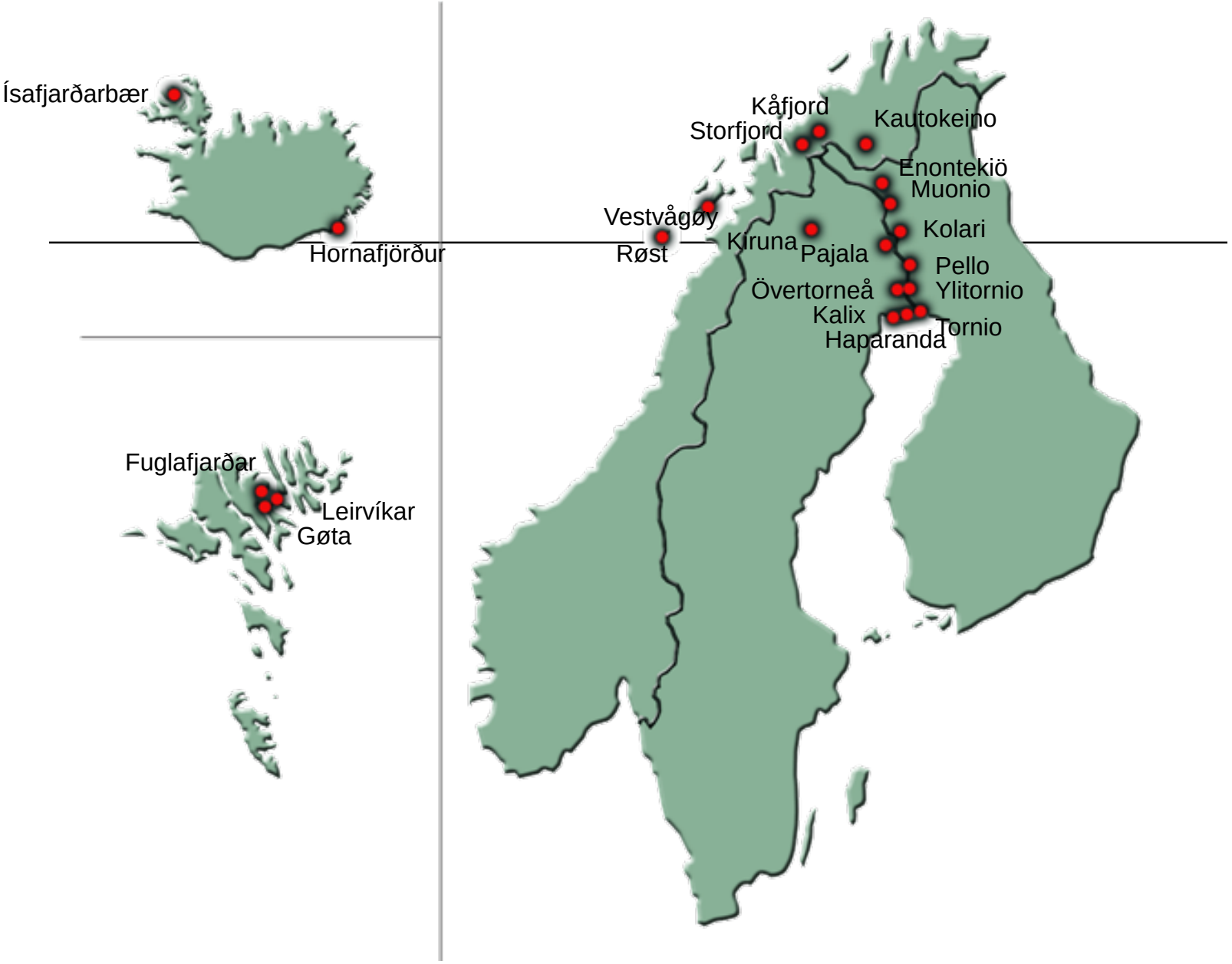
West- Nordic (7)

Iceland
Ísafjarðarbær
Hornafjörður
The Faroe Islands
Fuglafjarðar
Leirvíkar
Gøta
Norway (west)
Røst
Vestvågøy

East- Nordic (14)

Sweden
Kiruna –
Pajala
Övertorneå
Haparanda
Kalix
Finland
Enontekiö
Muonio
Kolari
Pello
Ylitornio
Tornio
Norway (east)
Storfjord
Kåfjord

Kautokeino

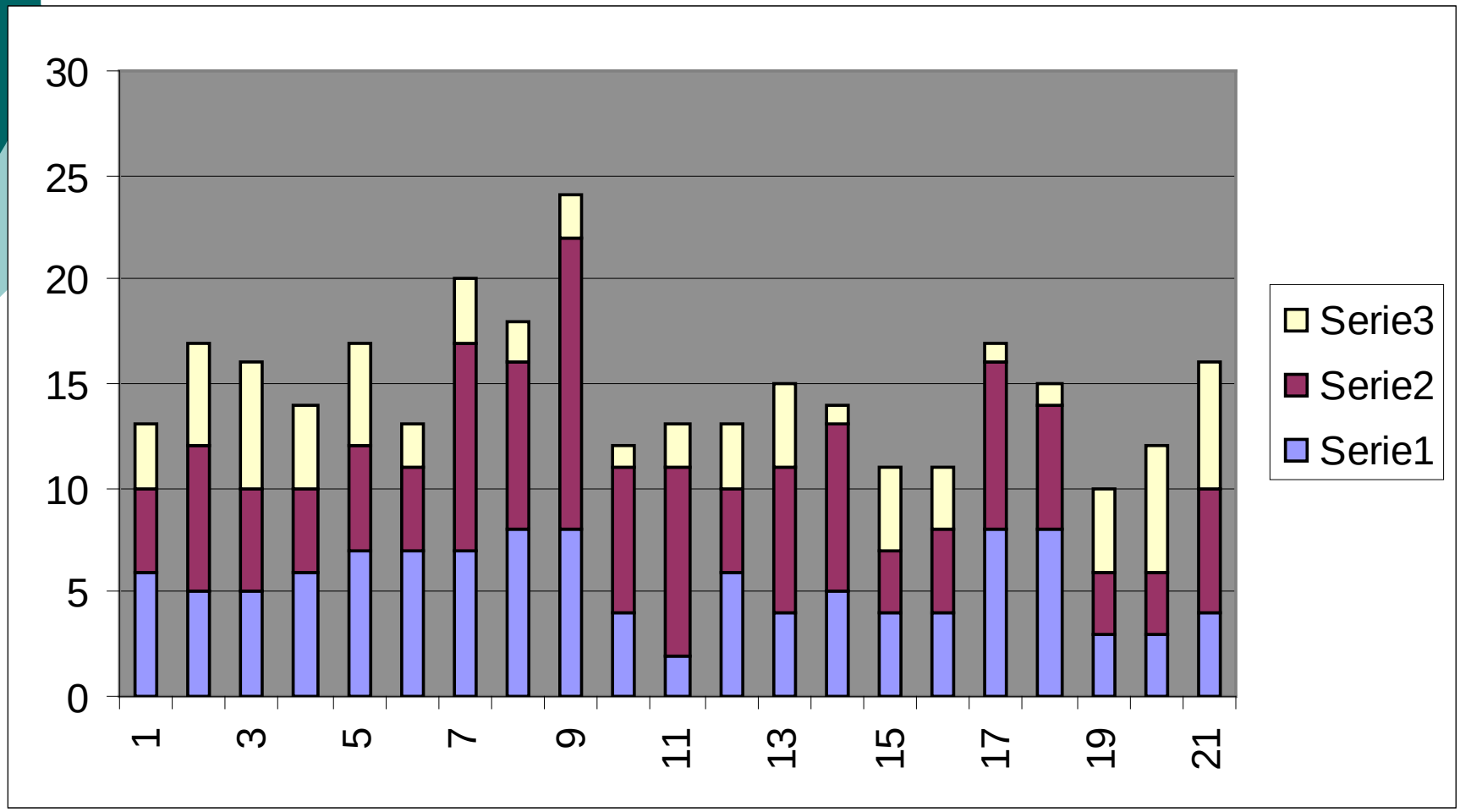

Ísafjarðarbær
Hornafjörður
Fuglafjarðar
Leirvíkar
Gøta
Kåfjord
Storfjord
Kautokeino
Enontekiö
Muonio
Vestvågøy
Røst
Kiruna
Pajala
Kolari
Pello
Övertorneå
Ylitornio
Kalix
Haparanda
Tornio

First step: Mapping innovations by local panels of municipal leaders

- **Panel interviews produced a total of 311 innovations in the 21 municipalities of ”the extreme Nordic periphery”**
- **Highest number in Swedish Øvertorneå (24), 5331 inhabitants, lowest in Leirvikar of faroe islands, (10), 884 innhabitants.**

311 innovations reported:

Business: blue, public: red, civic: yellow



Reported cases

- 114 commercial or commercially directed
- 129 public sector affiliated
- 68 civil society
- Extended concept captures
- But several of the reported cases transcend our categories

Second step: Selecting innovations for in-depth studies

- **One case from each of the three categories in each of the 21 municipalities**
- **Selection criteria: (1) Impact on welfare / employment, and (2) ”transformative potentials” (assessment by researchers)**
- **In-depth studies of a total of 66 innovations, carried out by 6 research teams.**

	Sector				
	Business	**Public**	**Civil**	**Other**	**Total**
Tornio	Steel Studio	Border City	Bothnian Market	-	3
Ylitornio	Concrete products	Elderly Gym	Shooting Centre	Kantele instruments (B)	4
Pello	Long Winged' village shop	Lively Life mun. plan	Across river marriages	Science history site (B)	4
Kolari	Health Hotel	Tourism strategy	Village house	Mountain Opera (C)	4
Muonio	Holiday Centre	Ski trails	Houswives organisation	-	3
Enontekiö	Holiday Camp	Distance education	Ice fishing event	Sámi Culture Centre (P)	4
Kiruna	Stone cutting centre	MRI Space and Env.	Sámi Dev. Centre	-	3
Pajala	Electronic industry	Care of Disabled	Village tourism	-	3
Övertorneå	Potato processing	Strategic mobilisation	Arctic march	-	3
Haparanda	Business incubator	Barents Road	Community feast	-	3
Kalix	Evonet industrial partners	UniverCity	Villages cooperation	-	3
Storfjord	-	Disabled employment	Market event revival	-	2
Kåfjord	Coastal tourism	Homepage	Indigenous festival	-	3
Kautokeino	Mobile phones centre	Planning and herding	Music organization	-	3
Røst	Cod farming	-	Italian friendshiptown	New hotel (B)	3
Vestvågøy	High-tech sea navigation	Viking museum	-	Food production (B)	3
Isafjördur	Snerpa Internet	School-family office	-	Multicultural centre	3
Hornafjördur	Galdur Internet	Nyheimar Centre		Arts Centre (P)	3
Leirvikar	Marine products	Old people's home	Cultural house	-	3
Göta	Normek	Old people's home	Musical association	-	3
Fuglafjördur	Fish protein	Bus route	Cultural house	-	3
Total	20	20	18	8	66

The municipality's role in relation to local innovative activities (I)

- **Inaccessible** (no role, or a negligible relation)
- **Obstacle** (a negative responding role)
- **Audience or supporter** (a positive responding role, but without obligations – symbolic)
- **Facilitator** (the municipality as 'door opener', 'financier' or 'midwife')
- **Partner** (actors from outside the municipal organisation and representatives from the municipality come together to work out plans or strategies for a project that, in turn, is realized as a local innovation
- **Initiator** (innovations are initiated from within the municipal organisation)
- **Coordinator (the municipality is in charge, initiating and implementing the process of innovation by itself)**

Role of municipality (II)

- **Municipalities almost always involved in local innovative activities, not only in the public, but also the privat, and the civil society sector**
- **Non-obtrusive interventions; supporter and following-up partner**
- **Municipal flexibility: In most cases, municipal interventions not related to municipal planning or policy (through informal and formal inter-/cross-organisational networks/partnerships)**

Municipalities and innovations in public, privat and voluntary sector

- **Innovations are processes**, and during an innovative 'run' the role of the municipality may change, perhaps starting as 'inaccessible' but developing into 'partner'
- Second, we should be aware that **the role of one municipality may vary in its handling of different cases**
- The municipality's **co-ordinating role** will be evident, by definition, in almost all public welfare innovations, while there will be much more variance in the role the municipality may adopt when dealing with business and civil society-type innovations (meta-governance?)

Some conditions for successful innovation/municipality integration:

- **Structural conditions** as size and location. In small-scale settings, the advantages of cross-cutting borders between the commercial, public and civil fields are easier to exploit
- **Institutional conditions.** Everyday politics finds its way through the routinization of the practices, and hence informal procedures and prevailing strategies also have a role to play when considering a local actors opportunity for successful policy-making
- **Specific local capacities. P**olitical and administrative leadership culture, social and ec. entrepreneurship, learning potensials and networking capacities)

Municipalities and innovations in the Nordic periphery. Some findings:

- In every municipality (21) included in the study, municipal leaders have taken an active part in discussions concerning the most successful innovations in their locality
- The scope of the innovative activities reported implies a strong refutation of conceptions of the northern periphery as backward-looking and passive
- The largest number of innovations have taken place in the public sector
- Networking is essential in all innovation cases, also in the case of working in the traditional public sector, involving agencies at regional and national level, and in the formation of formal and informal partnerships with civil society associations

Policy recommendation to stimulate innovation in the Nordic periphery(I)

- **Strenghtened local government**. Regional and higher-level policy centres should stimulate and strenghten the municipalities' potential by implementing a targeted programme to empower 'flexible development' at a municipal level

- **Empowering the innovators and supporting innovative activities**. For the innovators, networking and competence are essential elements, and these may be strenghtened by, for example, regional-level educational courses, for would-be entrepreneurs and innovators to develop their ideas and projects as part of the course, at the same time profiting from the experience of other 'colleagues'. People working on business, public and civil society innovations would definitely profit from being brought together for joint learning

Policy recommendation to stimulate innovation in Nordic periphery (II):

- **Building of communication infrastructure. In order for local innovation to be successful, out-reaching mobility must be underpinned, both physically and electronically (ex: Euracademy)**

- **Establish direct links between local innovators and municipalities on the one hand and universities and research institutions on the other (partnerships)**

- **Strenghten the role of municipal authorities as co-ordinators of local innovative partnerships and networks (meta-governance function)**

Questions for group work

- Is governance and governance networks examples or forms of social innovations?
- How can governance networks stimulate innovative activities and contribute to local community and economic development in rural municipalities?

Innovation&Governance?

Is Governance an Innovation?

Thank You!

torgj@hifm.no

www.hifm.no/regional