Social inclusion and territorial development through social innovation: experience of participative finance

Inclusion sociale et développement territorial par l'innovation sociale : expérience de finance participative

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Abstract

Participative banks are a kind of social innovation because they provide the territory with an alternative economy aimed at strengthening links between economic actors sharing a territory. Alternative finance is a branch of the ethical and social economy that helps to eliminate marginalization and social inequalities towards socially ethical integration and inclusion. The intention to pursue guidelines for social innovation comes from the fact of attributing to the territory new management policy in order to maximize survival in this territory. Indeed, the introduction of alternative participative finance is a component of social innovation that gives the social and territorial economy a new breathlessness allowing a comprehensive integration and inclusion of all actors and agents economic sharing the same territory. The objective of this research is to demonstrate the potential impact of participatory finance on territorial development in Morocco. It aims to explore and justify the originality of the link between participatory finance and social innovation, showing how this approach can be logical, rational, and applicable in reality. Additionally, the goal is to highlight Morocco's role as a pioneer in this field and its intention to share this experience with other African countries to offer a social and ethical alternative.

Keywords : social innovation; territorial development, social inclusion; participative bank; social links

Résumé

Les banques participatives sont une forme d'innovation sociale car elles offrent au territoire une économie alternative visant à renforcer les liens entre les acteurs économiques partageant un même espace. La finance alternative est une branche de l'économie éthique et sociale qui contribue à éliminer la marginalisation et les inégalités sociales en faveur de l'intégration et de l'inclusion socialement éthiques. L'intention de suivre des directives pour l'innovation sociale découle de l'attribution au territoire d'une nouvelle politique de gestion visant à maximiser sa survie. En effet, l'introduction de la finance participative alternative est un élément d'innovation sociale qui donne à l'économie sociale et territoriale un nouvel élan, permettant une intégration et une inclusion complètes de tous les acteurs et agents économiques partageant le même territoire. L'objectif de cette recherche est de démontrer l'impact potentiel de la finance participative sur le développement territorial au Maroc. Elle vise à explorer et justifier l'originalité du lien entre finance participative et innovation sociale, en montrant comment cette approche peut être logique, rationnelle et applicable en réalité. De plus, l'objectif est de mettre en avant le rôle du Maroc en tant que pionnier dans ce domaine et son intention de partager cette expérience avec d'autres pays africains pour offrir une alternative sociale et éthique.

Mots clés : innovation sociale ; développement territorial ; inclusion sociale ; banques participative ; le lien social.

Introduction

The world has decentralized and specialized, several forms and structures have been reformed. Territories are no longer ordinary territories, globalization, globalization and then decentralization. The territories have become spaces of innovation and they have become innovative places where the thing which concerns the product or the service also strongly concerns the territory.

The loss of competitiveness of the United States in the 1980s was the starting point for the emergence of territories; this was through the emergence of new technologies at the origin of the third industrial revolution (Benhamou, 2013). On the other hand, technology has disrupted production systems and made the processing of information and data more flexible. In the economy and from the 1990s, technology has experienced a certain emergence, especially with the development of the ICT (information and communication technology) sector.

Indeed, Morocco must revise its investment climate at the national level and recruit or even encourage the national economy by attracting national producers and investors while "great importance is given to improving the investment climate and the attraction of FDI" (Hmioui & Taghzouti, 2016).

For these observations, innovation represents the competitiveness of the country, particularly the territory. The territory is supposed to adopt a sustainable development policy based on the notion of technological innovation although organizational and managerial, territorial marketing sees itself as the pioneering tool of territorial economic intelligence.

Social innovation is a meaning that has been accentuated over time thanks to economic development theories which had always tried to put an end to economic crises.

The role of innovation is widely recognized as crucial in responding to the major challenges of our time (Guellec, 2017): poverty and inequalities, climate change and other environmental damage, improving well-being being and health, etc.

In this scientific research we will expose the contribution of participatory finance as well as an aspect of social innovation in favor of the territory and the strengthening of commercial and non-market territorial relations as well as the elimination of social marginalization.

How can the introduction of participatory finance foster the link between social innovation and territorial development in Morocco, and contribute to the reduction of social and territorial disparities as well as marginalization?

To address our central question, we begin with a comprehensive literature review that explores existing theories on social innovation and territorial development. Next, we introduce the concept of participatory finance and examine its potential as a tool for promoting social and territorial cohesion and as an ethical alternative to conventional finance. This approach allows for increased mobilization of financial resources, shared risk-taking, and equitable distribution of wealth, while complementing the existing banking system.

1. Research Methodology

This scientific research provides an arsenal of theories of social innovation and territorial development in order to make a scientific link between the two concepts including territory and social innovation. The research is based on recent research based on objective scientific reflections.

We exploited theories of territorial development according to innovation and theories of social innovation to highlight a scientific relationship and a contribution of social innovation to the territory through the establishment of participative finance.

2. History of theories of innovation applied in the territories

Joseph Aloes Schumpeter approached the theory of innovation in the economic field for a first theory. Therefore, his theory had inspired the literature of innovation in economics. According to this literature, innovation constitutes a different strategic solution for all economic problems, but it varies depending on the reaction of competing offers. According to Schumpeter, the entrepreneur is the innovator of excellence, who combines the means of production differently" (Passaro, 2017).

As researchers experience, innovation can strongly concern organizational aspects thanks to the contribution of new concepts and techniques. According to the literature, "The attention of inventors is science and technology as knowledge assets. In addition, innovation does not necessarily arise from an invention and, unlike the latter, allows for a commercial advantage defined as a monopolistic asset from innovation" (Passaro, 2017).

Previously, innovation had only concerned the technological and scientific aspect, yet it could also affect the managerial and organizational aspect. However, new skills can bring us innovation and innovative ideas.

In addition, innovation always contributes to the territory over time thanks to the intentions and theories of territorial development with a view to attributing to territories a certain attractiveness and competitiveness.

3. Fordist model

The Fordist model was an approach to territorial development which is part of the concept of innovation. The objective is to provide innovative ideas for the territory, making it possible to create incubators and innovative and intelligent platforms. This model; furthermore, the Fordist model is centered on large projects and large complexes generating innovation and development surrounded by startup careers and small and medium-sized businesses as well as very small businesses (Guesnier, 2016). In addition, the territory constitutes a perimeter which allows innovation to be carried out. Indeed, new approaches focus on the territory as the place of innovation par excellence" (Otando & Echkoundi, 2008).

4. The industrial district

The Marshallian district model represents a meeting of industrial and territorial reform making it possible to approach new industrial policies (NPI). Indeed, the aim is to establish intelligent incubators and favorable platforms for establishing businesses. As literature, the territory actually allows innovation to excel, so the decentralization of power is a concept that fits into this logic. At the other end, the territory attracts the interest of project leaders and creators of innovation. As a result, the territory and the firm form a merger of which innovation is the resulting term.

The industrial district of Marshall mobilizes the theory of the agglomeration economy which is defined as "the concentration of numerous SMEs oriented towards specialization around a dominant industry" (Otando & Echkoundi, 2008). In addition, the aim is to generate careers and skills.

5. Local productive systems

This model ensures a combination between the two previous models to approach new industrial policies. To this end, SPL is a model also based on agglomeration economies and networks of actors. SPLs are defined as "a configuration of companies grouped in a local space around a profession, or even several industrial professions. Companies maintain relationships with each other and with the socio-cultural environment of innovation. These relationships are not only commercial. They are also informal and produce positive externalities for all companies" (Courlet & Pecqueur, 1992).

In addition, through the concept of SPL approaches the creative economy or even cultural projects and creative industries. SPLs are characterized by the predominance of a particular trade or profession. However, the existence of various activities simultaneously within an SPL should not be excluded (Lkhoumsi, 2021).

6. The innovative environment

The territory is a perimeter which makes it possible to exercise the economies of agglomeration and the concentration of firms. Furthermore, cultural and festive events make it possible to create an environment conducive to the density of cultural and creative actors around a territory. For this, we can see that the company is an entity integrated into the innovation environment. However, the firm is an actor that can exercise innovation in its territory and play the role of an incubator for the providers of innovation (Otando & Echkoundi, 2008). In other concepts, the endogenous development of a territory requires the federative institution of an innovative climate which promotes the transmission of innovative data and new knowledge.

7. The positive impacts of innovation

Innovation is and a leitmotif endogenous contribution in favor of the territories. At first glance, emerging countries always seek to import the providers of innovation and this explains in strong words the effect of innovation. Furthermore, “countries seeking to develop were encouraged, for economic reasons, not to develop their own capacities to innovate but rather to import the most advanced technology as massively as possible” (Zaoual, 2006). Moreover, the territory is a place of creative economy: It is about adopting organizational and technological innovation to offers. Economically speaking, a creative territory plays the role of attractiveness of agglomerations and investors (Chakor et Al. 2021).

Global upheavals and economic turbulence have pushed the territories in this case to persist in these phenomena of economic development. On the other hand, this calls for new management styles to look into territorial reform. In addition, theory is unanimous on the fact that the new economy is at the crossroads of contemporary metamorphosis (Otando & Echkoundi, 2008).

Due to the rivalry between territories, the relocation of firms is seen as a significant threat, thus the territories find themselves in the imperative to initiate in the branches of innovation as well as to lean into the economies of agglomerations and clusters. A first concept which is part of the innovation policy is decentralization which allows the local governor to take over the management of the territory. Decentralization is a form of organizational innovation which grants local governors, in this case, the strategic and decisive position for the purpose of refining territorial performance, like a farmer who analyzes his clod of earth and opts for the ingredients efficient.

Innovation is considered as a concept that brings together an arsenal of stakeholders, namely men, institutions, the government and other actors (Sylvain, 2016). To this end, the role of the State is considered essential in initiating innovation policy or even setting up economic and social projects and platforms.

Innovation is a fact of skills and careers as well as the concept of the law of innovation (Francis & Régis, 2009) which describes that the creation of firms is a fact of researchers. This comes down to the fact that large firms have relied on the innovative contributions of scientific careers. In the fact that previous innovation concerns the technological revolution, industry and scientific research, innovation strongly concerns the organizational and managerial aspect (Jean-Baptiste, 2011) thus the government finds itself in the imperative to cultivate strategies for driving innovation. Likewise, man by his nature behaves by the behavior of his environment. As a result, an innovative environment optimizes human intervention and this explains the critical mission of the State in integrating the dynamics of innovation.

8. Social innovation within the framework of the territory and territorial proximity

Social innovation is a term that largely explains the innovative nature of optimizing the well-being of people and institutions. It promotes effective cooperation between local stakeholders to achieve results (Cloutier, 2003). In a broader and explicit framework, “social innovation corresponds to changes at the institutional level as well as in collective and individual behavior (eminent people, leadership) contributing to social integration” and integrated territorial development (Hillier et al. , 2004). These coordination actions are considered a major factor in territorial development, providing the territory with an arsenal of actors forming a network of project leaders.

The major contribution of social innovation lies in the action of benefiting interactions between territorial actors to result in new and reconfigured activities (Dargan & Shucksmith, 2008).

In addition, an arsenal of axioms is defined by the definition of social innovation, namely, the sharing of data and information, the distribution of responsibilities, the enactment of rules and standards, etc. thus being in the postulate of territorial proximity (Torre & Filippi, 2005). So-called social innovation, because it concerns not only geographical distance but also social relationships and shared values (Bouba-Olga et al. 2008) (Torre, 2009).

9. Territorial development in the sphere of social innovation

At first glance, social innovation takes place within a well-defined perimeter called a territory. According to the literature, Philippe Aydalot initiated the concept of endogenous development, particularly local, which is the result of an innovative network (Aydalot, 1985).

The contribution of social innovation to the territory according to the literature is defined by a more or less economic approach. Social innovation is based on the term networks of public and private actors. It lies in the capacity of local companies to convert local links into a perimeter developing cooperative and partnership activities as well as market and non-market relationships. This is part of the logic of exploitation of economic resources, territorial proximity and innovation (Camagni, 2013). Indeed, this reconfiguration is characterized by five essential points:

- Promote the emancipation of individuals and institutions through the elimination of social inequalities and social integration
- Develop neglected activities and promote economic equality
- Ensuring social and economic cohesion
- Ensure reciprocity, partnership and cooperation between entities
- Mobilize wealth and resources widely

The first two concern the objectives, and characterize the results of social innovation: the contribution to the well-being of individuals and/or communities through the combination of immediate results as well as voluntarily induced positive effects. While the last two axes concern the procedures, and through them, the processes implemented. From this perspective, it is a question of characterizing the modes of cooperation between actors by observing in particular collective learning and the development of skills that accompanies it, as well as the methods of association of the different stakeholders.

10. Participatory banks and territorialized social innovations

The development of Islamic finance over the past two decades is one of the most exciting developments in the recent history of the global financial services sector (HILMI, 2024). Institutions specializing in Islamic finance now recognize that their market is not confined to certain regions of the Muslim world but are beginning to expand internationally. Currently, Islamic financial institutions operate in more than 75 countries. Financial assets meeting Islamic criteria have increased more than forty times since 1982 to exceed 1,000 billion dollars in 2010 with a double-digit growth rate over the last five years.

Participatory finance has become an essential component in the economic fabric and is experiencing remarkable growth on a global scale. This finance has attracted the interest of several countries, even non-Muslim countries, so it coexists with conventional finance. The figures show that assets are estimated at over $2 trillion in 2016 and are expected to reach $3.8 trillion by 2022 (Thomson 2017-2018).

11. Participatory finance in the Moroccan banking landscape

Participatory banks, one of the components of the social economy, remain little known, although occupying, particularly in Morocco, a significant place in the banking landscape.

Moroccan alternative finance constitutes a new mechanism of the Moroccan economy and a complementarity at the level of the social economy which can satisfy a social and economic category. Territorially speaking, it is considered an introduction of a new growth model to the continent, particularly Africa. However, Morocco as a pioneer and leader aims to achieve south-south development. Moreover, Various types of investments have contributed to the development and growth of the Moroccan economy. Indeed, as a country in constant evolution, Morocco has invested significantly in infrastructure (Kouard, 2024).

12. Innovation and territorialized social inclusion

The social introduction to the Moroccan territory makes it possible to satisfy the values and beliefs of the Islamic population and is part of the aspect of social inclusion and territorial cohesion via the reduction of disparities and marginalization to enable development.

This inclusion makes it possible to establish a revival of investment and projects while integrating other economic stakeholders with other values and other beliefs. Certainly, participatory finance optimizes territorial links through the integration of other economic agents who favor religious reasons.

Territorially speaking, an arsenal of partners, have aimed to establish themselves in Morocco because of the participatory partners who represent economic, political and geostrategic assets. On the other hand, Morocco represents for foreign partners a territory which has undeniable opportunities, namely:

- Stability of the political and economic system of the Kingdom;
- FDI opportunities: Financing the Major Projects policy;
- (Infrastructure, Green Morocco, Fisheries Plan, Renewable Energies);
- Member of the Gulf Cooperation Council: Excess liquidity of Islamic banks;

13. Participative finance: social innovation serving the Moroccan and continental territory

The introduction of participatory finance in Morocco contributes enormously to the growth of the economic fabric within a framework of public policies while constituting complementarity to the Moroccan banking landscape. Furthermore, alternative finance constitutes emancipation for its consumers since it is based on ethical and social pillars to stimulate effective dynamism and growth of the economy.

The opening of alternative finance systems allows an intensive and exhaustive mobilization of financial resources as well as the realization of projects by another category of investors and project leaders which can conclude that it allows attractiveness and territorial development in favor of Morocco as much as a pioneer towards a metamorphosis for the entire continent, particularly Africa.

Indeed, Islamic finance spreads joint risk-taking to all market participants instead of entrusting risk-taking to a particular category of agents. Depositors, banks and beneficiaries of bank financing are all in the same risk chain and jointly share the consequences. This leads to an economic system enjoying a high degree of integrity and strong resilience to shocks.

To summarize, participatory finance is an alternative that allows the fair distribution of wealth and prosperity through morally acceptable commercial and investment activities, in a participatory and ethical, particularly social, spirit.

Whereas conventional finance seeks to defend the notion of performance in the first place, independently of all moral or religious considerations, something which does not remain economically tolerable. From here, we can deduce that participatory and conventional finance demonstrates an apparent rivalry of principle, and justify an economic complementarity that is difficult to refute. However, complementarity between the two types of finance can further promote positive impact on economic and territorial development.

Conclusion

Based on the literature and theories exposed in this scientific research, we have tried to expose the link between social innovation and territorial development through the introduction of participatory finance to the Moroccan territory. This reality comes from the scientific reflection of the authors but also based on an objective vision of the literature. This research is justified original since this link of territorial development with the contribution of participatory finance so social innovation no longer exists in literature but the reflection is considered logical, rational and existing in reality.

This experience is inspired by the territorial development over time outlined in the text and the regular and permanent intention to seek to bring innovative ideas to keep a territorial growth. This time, its participatory finance takes over from cohesion and social inclusion with a view to reducing social and territorial disparities and marginalization. Morocco as a pioneer of the continent in it is part, it plans to pass on this experience well maintained and studied for Africa in order to present a socially and ethically alternative offer.

This research has highlighted the importance of participatory finance as a lever for social innovation and territorial development in Morocco. By relying on an in-depth analysis of the literature and rigorous scientific reflection, we have demonstrated that the introduction of participatory finance can play a crucial role in reducing social and territorial disparities.

Perspectives

The results of this study open up numerous research and application perspectives. It would be relevant to further explore the mechanisms through which participatory finance can strengthen social cohesion and inclusion. Additionally, a comparative study with other African countries could offer valuable insights for adapting and extending these practices on a continental scale. Implementing pilot programs in different regions of Morocco would also allow for testing and refining approaches to maximize their impact.

Several questions remain open and deserve special attention. For example, how can traditional financial institutions collaborate with participatory finance platforms to offer hybrid solutions? What are the potential risks associated with the rise of participatory finance, and how can they be mitigated? Moreover, it would be interesting to understand how different stakeholders (local governments, NGOs, businesses, citizens) can effectively engage in this process.

Like any research, this study has certain limitations. Firstly, our analysis relies primarily on secondary data and literature reviews, which may limit the generalizability of our results. Secondly, the impact of participatory finance on territorial development remains theoretical and requires more extensive empirical studies for validation. Lastly, the diversity of regional contexts in Morocco may make it challenging to uniformly apply the conclusions drawn from this research.

Main Contributions

Despite these limitations, our research makes several significant contributions to understanding the role of participatory finance in territorial development. Firstly, it underscores the originality and relevance of social innovation in the Moroccan context. Secondly, it proposes a robust theoretical framework for analyzing the impact of participatory finance on reducing social and territorial disparities. Finally, it offers practical recommendations for policymakers and civil society actors to promote inclusive and sustainable territorial development.

In conclusion, this research lays the groundwork for ongoing and in-depth reflection on how participatory finance can be mobilized as a tool for social innovation and territorial development in Morocco and beyond. It calls for interdisciplinary and cross-sectoral collaboration to fully harness the potential of this innovative approach.

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