



PUBLiN

Innovation in the Public Sector

Part of the Programme for Research,
Technological Development and
Demonstration on "Improving the human
research potential and the socio-economic
knowledge base, 1998-2002" under the EU
5th Framework Programme

December 2 2005 Brussels
workshop, hosted by the Research
Council of Norway and NIFU
STEP

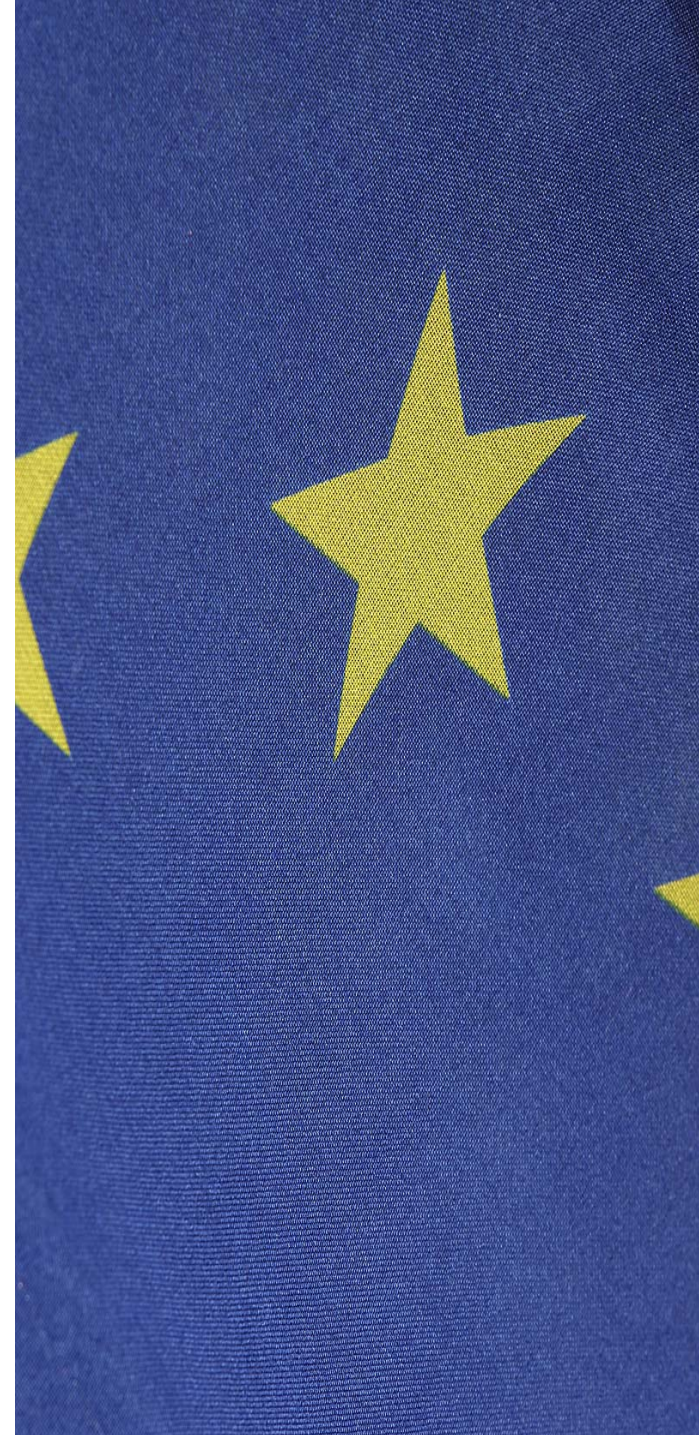
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On Publin



9 countries, 10 teams

- NIFU STEP, Norway (coordinator)
- University of Haifa, Israel
- MERIT, University of Maastricht, the Netherlands
- PREST/CRIC, University of Manchester, UK
- VINNOVA, Sweden
- Comenius University, Slovakia
- University of Alcalá, Spain
- Manchester Metropolitan University, UK
- University College Cork, Ireland
- The Mykolas Romeris University (Law University of Lithuania)



Organisation



- Work package 1: Horizontal and analytical issues
- Work package 2: Synthesis, thematic and administrative co-ordination
- Work package 3: Surveys on innovation in the public sector (including interviews)
- Work package 4: Health sector, case studies
- Work package 5: Social services, case studies

Main objective



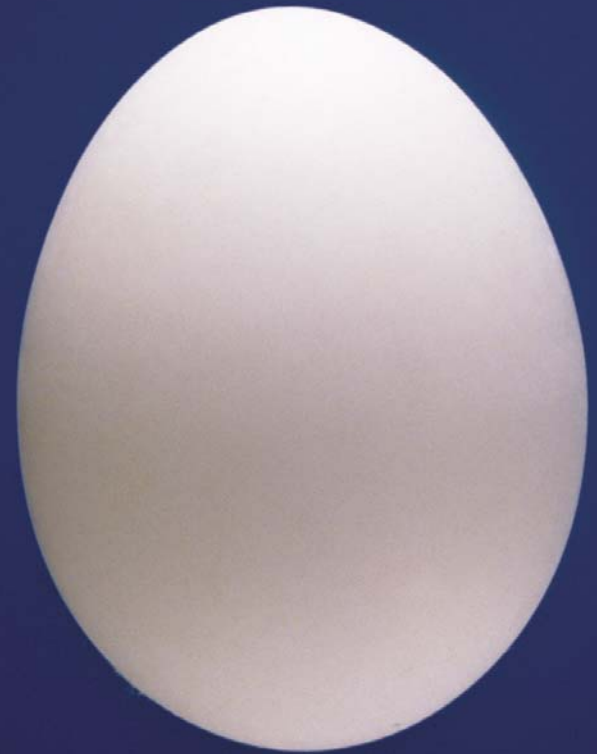
- The main objective of PUBLIN has been to develop a consistent and general basis of understanding of the main processes of public sector innovation and policy learning.

Secondary objectives



- contribute to the development of the theoretical foundation for studies of innovation in the public sector
- pinpoint innovation strengths and weaknesses in contemporary public service organisations and policy making institutions
- examine the influence politics, management, evaluations, cultural traits and entrepreneurship has on innovation in public organisations
- give new insight into the learning processes underlying development in public sector bureaucracies
- analyse networks, knowledge flows and sources and drivers of learning and innovation in public organisations
- consider the effects of public innovation in the broader societal context of socio-economic development models

What is innovation?



Innovation means change of behaviour



- Innovation is much more than science & technology
- Innovation is “doing something new i.e. introducing a new practice or process, creating a new product (good or service), or adopting a new pattern of intra – or inter-organisational relationships (including the delivery of goods and services)”.
- “innovation is not merely synonymous with change. Ongoing change is a feature of most... organisations. For example the recruitment of new workers constitutes change but is an innovative step only where such workers are introduced in order to import new knowledge or carry out novel tasks”.

Innovation is problem solving

- Innovation is doing something differently in order to solve a specific problem.
- Even if one does not reach the objective, it is still an innovation
- Innovations may have unforeseen negative side effects. Not all innovation is good.
- Adapting technology or procedures developed elsewhere is an innovation, if it is new for the organisation or the individual



Service vs. policy level



- Innovation processes in the public sector normally involves both
 - **the service level**, i.e. front end service providers (e.g hospitals, schools, police departments etc.)
 - And **the policy level** with its policy makers (civil servants and politicians in county administrations, agencies, councils, ministries etc.)
- Publin has studied innovation on both levels, and the interaction between them

Types of innovation, service level



- New characteristics or design of service products and production processes
- New or altered ways of delivering services or interacting with clients or solving tasks
- New or altered ways in organising or administering activities
- New or altered ways of interacting with other organisations and knowledge bases
- New world views, belief systems, missions and strategies.

Innovation, policy level



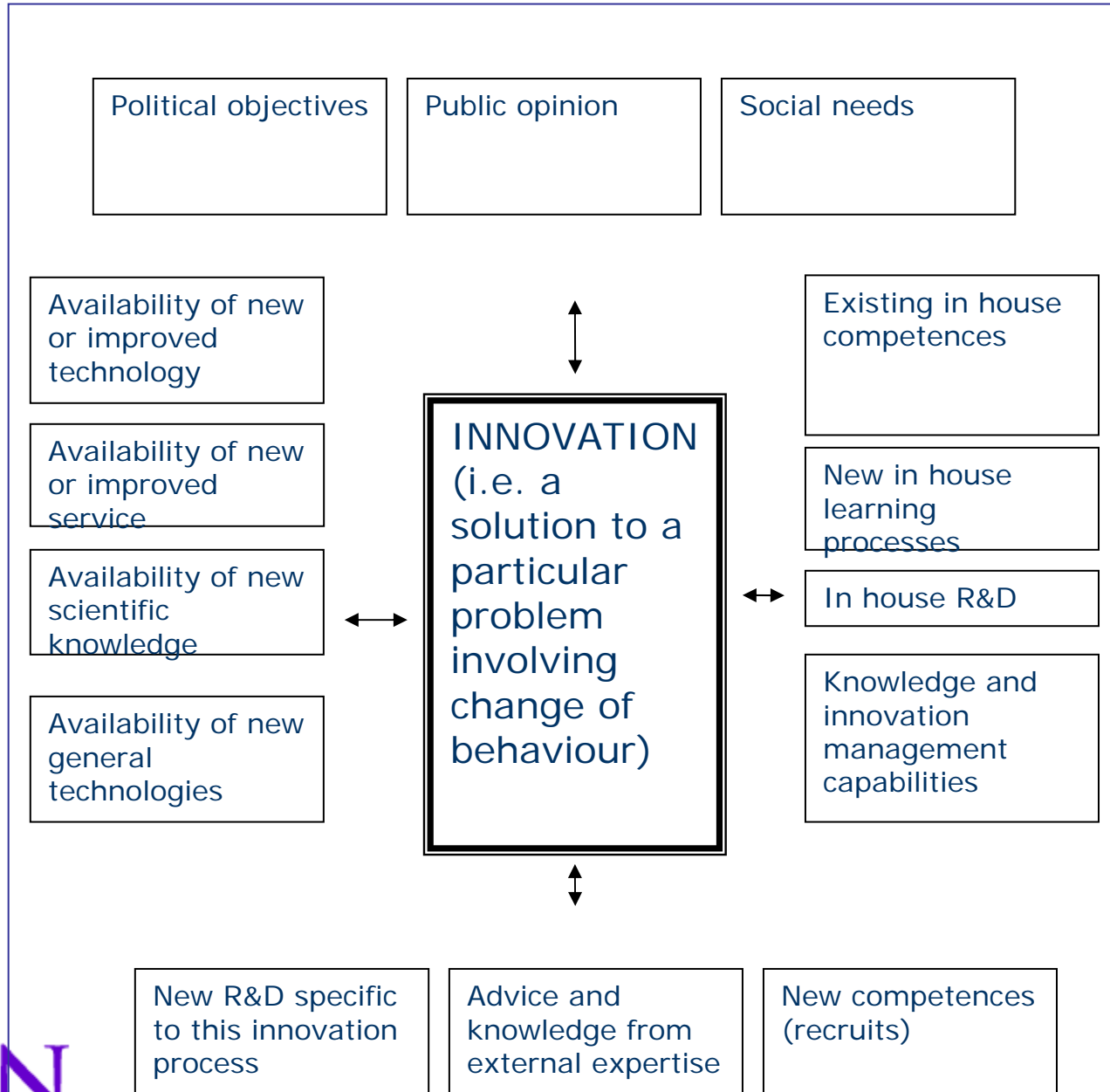
- New or altered policies and policy instruments
- New or altered ways in organising or administrating activities
- New or improved ways of interacting with other organisations and knowledge bases
- New world views, belief systems, missions and strategies.

Innovation is learning

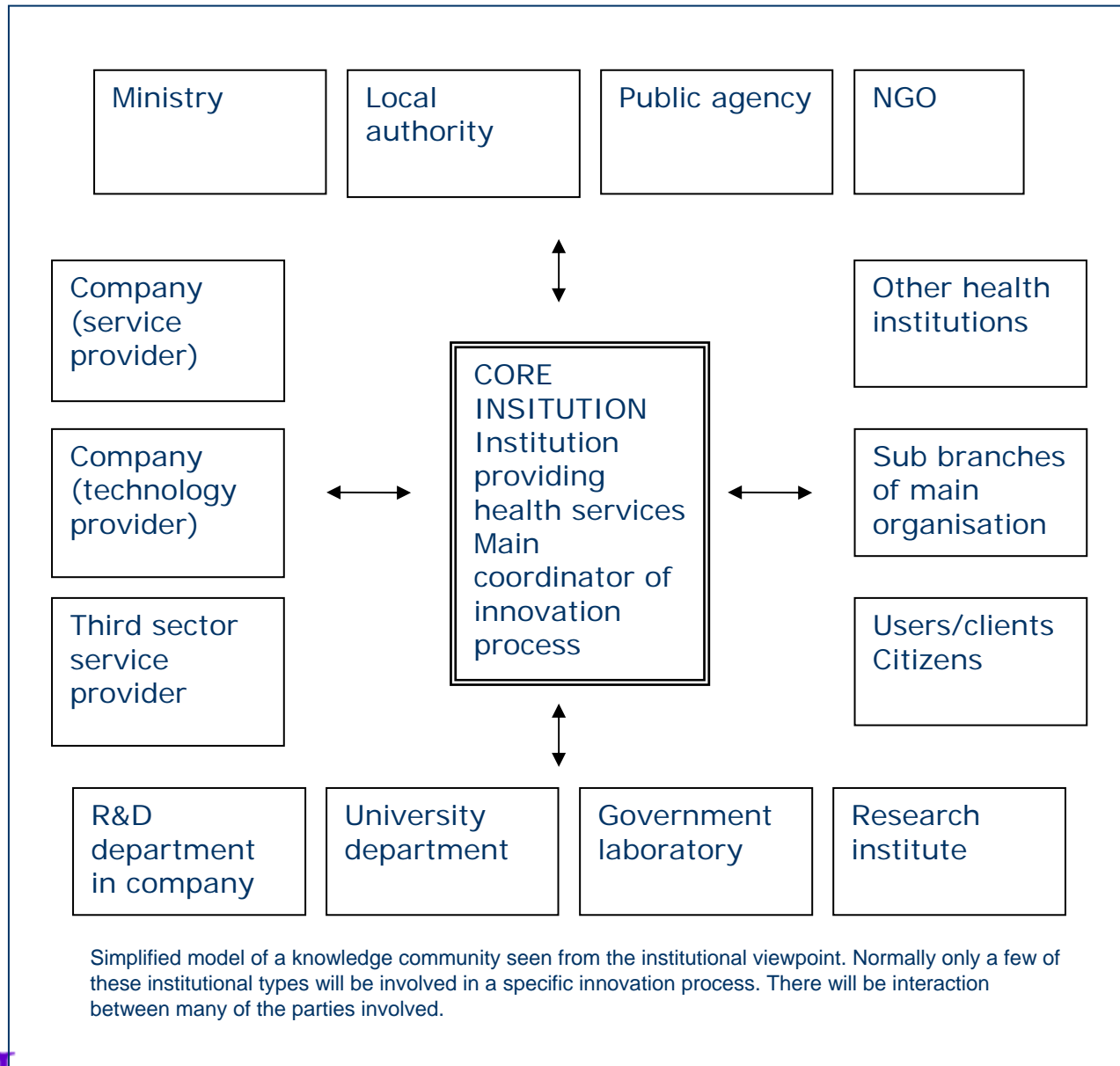


- The process of solving problems by doing something new requires specific competences
- Hence learning is an integrated part of innovation
- Public innovation does not take place in isolation, the private and third sectors are involved in both learning and innovation.

The competence centred innovation system



The institution centred innovation system



Barriers to innovation



Size and complexity

- The public sectors comprise an extremely complex and large-scale organisational entities (e.g. the health sector)
- Localised skills shortages and gaps, lack of clear agreement with respect to perceived problems, approaches and solutions, overlap in responsibilities, and communication difficulties.
- Development of internal barriers and, in the worst case scenario, the development of “silo mentalities” wherein parallel systems maintain their own organisational norms, beliefs and practices with little communication with each other.
- Turf wars, struggles for power and money

The division between barriers and drivers is partly based on D19 *Innovation in the health sector – case study analysis*, by Paul Cunningham.

Recommendations from various PUBLIN reports



Size and complexity and what to do about it

- RECOMMENDATIONS: Develop inter- and intra- organizational networking, coordination and cooperation at all levels,
- Encourage a high degree of reflexivity – essential an ability to demonstrate organisational learning.
- Give public institutions more freedom and responsibility as regards the use of their own resources
- Combat silo mentalities and turf wars
 - Encourage staff mobility between institutions in order to avoid the tendency of hiring “clones”
 - Develop more unusual recruitment policies. Not all Ministry of Industry civil servants need to be economists.
 - Discuss overall objectives for welfare and the quality of life and the effects of changes in one part in the public sector for another



But: too much coordination may lead to a waste of time and a loss of focus

Heritage and legacy



- Public sector organisations are frequently prone to entrenched practices and procedures – that which has worked in the past is seen as good practice.
- The systemic impact of innovation and change is often viewed as an unwelcome perturbation to the overall functioning of the organisation.
- A tendency to adopt the “not invented here” attitude with an unwillingness to accept novel ideas from outside the immediate organisational peer group.
- Interviewees perceive barriers to innovation as deriving from
 - public service’s leadership and management (i.e., budget cuts or poor allocation of budget funds, and poor leadership).
 - Traditional regulations and work routines
 - Internal and external politics
 - Employee resistance
 - Poor learning environment

Heritage and legacy and what to do



- **RECOMMENDATIONS:** Develop quality leadership that creates the right climate for change, "walk the talk" and institute "cultural change".
- It is also beneficial to co-opt staff members and create "agents of change" to overcome potential resistance from the (professional) staff
- Hire creative entrepreneurs on all levels
- Hire managers capable of thinking outside the box
- On the policy level: Reach for a good balance between "competent bureaucrats" and "mad policy entrepreneurs".
- Shake the system. Yes, sometimes a reorganisation is exactly what the doctor orders against lock-in and stagnant waters

Risk aversion

- There is an inherent resistance to undertake or implement changes which may result in an increased probability of risk (e.g. to the patients).
- Public service managers and politicians are very wary of enacting changes that may result in negative outcomes, particularly if there is the risk that these will attract media focus. A blame culture, with its associated high levels of accountability.
- **The Survey:** Obstacles to innovation are predominantly considered to be internal to the organisation



Sometimes risk aversion is a good thing! Nor all innovation is beneficial.

Risk aversion and what to do about it



- **RECOMMENDATION: Convince the stakeholders!**
 - The engagement of stakeholders and consultative and participatory process were key factors in our success stories.
 - In many cases, a range of stakeholders had to be convinced of the utility of the proposed innovations and resistance had to be overcome.
 - Demonstration of the utility of implemented innovations is an important factor in terms of developing further support either for the innovation itself or for the implementing team or organisation.

- **Allay fears: Present innovation as a natural continuation of current practices**

- **Develop an in house organisational structure that supports learning and innovation processes**

- **RECOMMENDATION FROM RESPONDENTS: Be open and creative, think "outside of the box", listen to new people, use research, admit mistakes, and take risks.**

Professional resistance

- Distinct and well-established professional groupings, with their own communities of practice, rationales, and perspectives. These tend to adhere to their established roles, and associated policy agendas.
- A lack of dialogue between different parts of the public system, horizontally or vertically, between different professional groups may also hinder innovation and its dissemination.
- **RECOMMENDATION:** Involve the professional groups and organisations actively and give them ownership
- Sometimes you just have to fight for it. Entrepreneurs need to get allies higher up in the public hierarchy.



Interviewees perceive barriers to innovation as deriving from end users' resistance as well

Unclear outcomes



- The introduction of one innovation may shift the underlying problem to another, downstream, part of the system or may have unforeseen and adverse consequences.
- **RECOMMENDATION FROM RESPONDENTS:** Plan ahead, assess the situation and evaluate while remembering the goal of improving the provision of services; "Innovation must be based on evidence... (a) "studying future demands", and (b) "developing creative service/delivery solutions could yield substantial savings in the mid to longer-term." [UK]
- **RECOMMENDATIONS:** Develop contingency plans
- Involve upstream and downstream public organisations and their expertise
- It is impossible to develop fail proof innovation strategies. Reforms fail, but hopefully you learn from them!

Pace and scale of change

- Many public administrations, for a variety of political and policy reasons (such as the introduction of New Public Management approaches), have over recent years been subject to a large number of often radical changes.
- The systems become “innovation-fatigued” and resistant to further change.
- **RECOMMENDATION:** No innovations for the sake of innovation.
- **RECOMMENDATION FROM RESPONDENTS:** Involve employees and get their support and commitment, encourage personnel to take initiative, make people feel 'it's their project', provide feedback, 'buy in' a full range of stakeholders for commitment and cultural change.

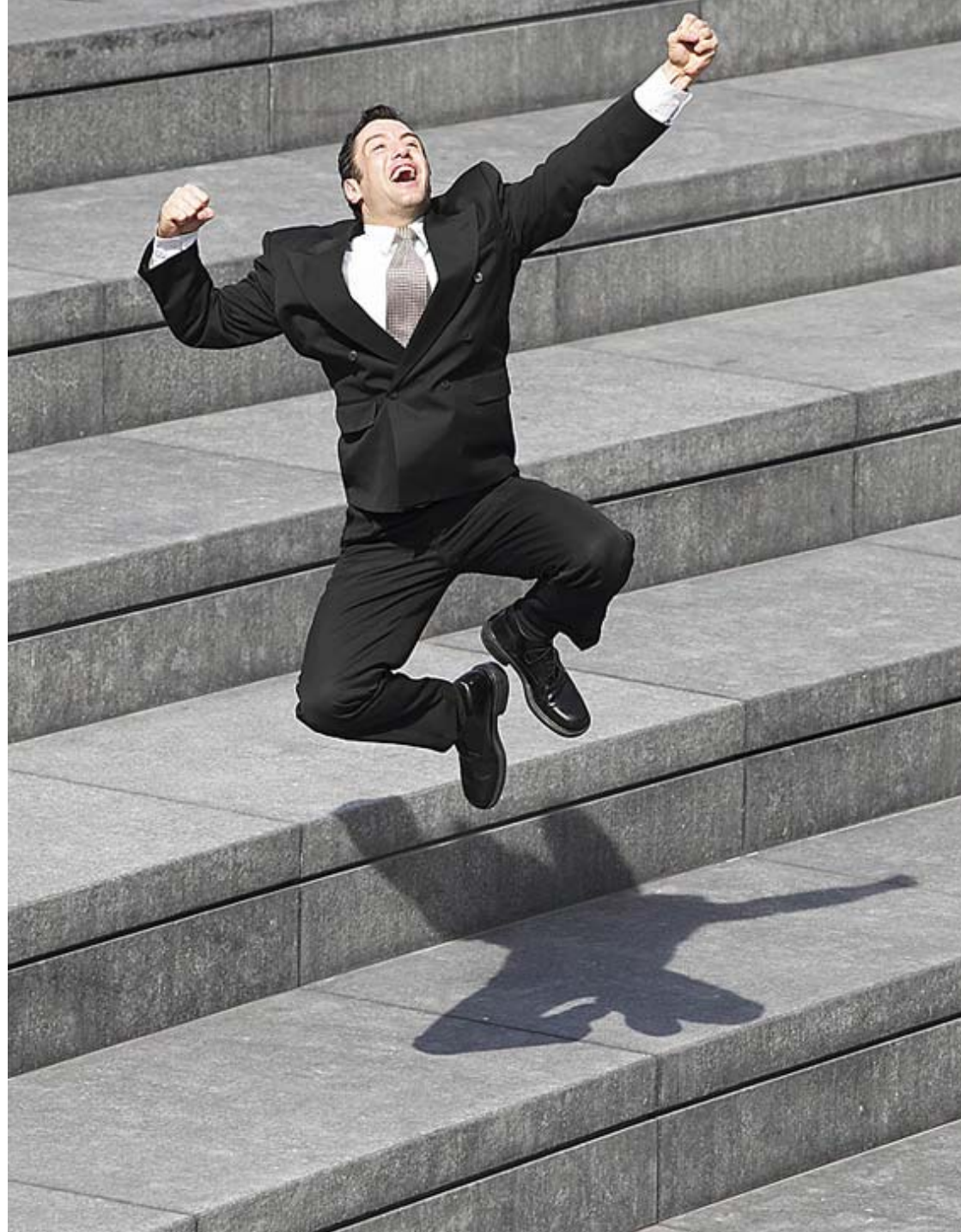


Absence of resources



- A lack of financial support, either in a general context or specifically for the support of innovation
- Shortages in relevant skills or other support services required for the implementation of innovations.
- The systemic nature of the impacts of innovation, whilst relieving pressure on one part of the system may result in a shift of the problem or bottleneck to another part of the system.
- The general desire to improve the quality of e.g health provision often entails the need to expend additional resources – not all innovation is aimed at economic efficiencies.
- **RECOMMENDATION:** Investments in innovation may lead to savings later within the organisations. Think beyond this years budget. Allow long term budgeting (2 to 5 years)
- Do not read “innovation” to mean “modernisation” or “efficiency”. There are other overarching welfare objectives to take into consideration.
- Avoid budget account tunnel vision. Costs in one part of society may lead to savings in another. E.g. improved health means reduced absence from work.

Drivers of innovation



Political push

- Strategic change in the public sector frequently requires a strong, top-down, political will coupled with the political recognition that change requires the allocation of substantial resources.
- External facilitators mentioned by respondents include
 - the EU
 - the legislature or national initiatives
 - information, learning, and networking.
- **RECOMMENDATION:** Political goals may be reflected through the imposition of performance targets
- Policy makers and politicians must be aware of the need for new world views and concepts. Rhetoric can be more than empty phrases!
- EU plays a very important role as a facilitator for innovation, especially on the policy level and in the ex-communist countries, and must continue to do so.
- There are no safe outcomes. You must take chances.



Capacity for innovation



- Staff in the public system are often characterised by their high levels of professional expertise, exhibiting a high level for creativity and problem solving.
- There is a marked tendency for innovating organisations or for key personnel to demonstrate openness to ideas and a willingness to think “outside of the box”.
- Many of the innovations studied relied, at one level or another on positive attitudes towards teamwork and independent thinking.
- Medical, health and social sector professionals are generally driven by a strong desire to improve the well-being and quality of life of the patients in their care.

Capacity for innovation, what to do



- **RECOMMENDATIONS:** Encourage entrepreneurs or champions with sufficient vision and determination to push the innovation process through. Give them funding, responsibility and leeway.
- Encourage pluralism as regards different approaches to improving service provision to client groups
 - Pluralism in terms of many different service providing organizations (NGOs, stakeholders' associations, etc.) has generated many different models and "experiments".
 - Give a certain autonomy to municipalities and service providing organizations
- Develop personal and institutional networks
 - Access to relevant in house competences
 - Access to relevant competences outside of the organisation (networks)
 - Develop in house competences needed to find, understand and make use of outside competences and technology
 - Set aside money for courses, lifelong learning, conference participation etc.
 - Send juniors to EU meetings!

Support mechanisms for innovation



- The allocation of appropriate resources (finance and other forms of support) to promote innovation and its implementation may be too weak.
- **RECOMMENDATIONS:** Provide actual structures and systems designed to promote, stimulate or disseminate innovation
 - In-house: staff suggestion boxes, staff fora, stakeholder feedback mechanisms, networking activities, competence building, encouragement of alternative thinking, etc.
 - Policy level: innovation schemes and instruments, research programs, institutions for networking and knowledge absorption, new courses at schools and universities, new public or private think tanks
- Develop a third generation holistic innovation policy that not only takes the needs of industry into consideration
 - Study how the public sector learns from the private and civil sector
 - Study how private companies can learn from the public sector
 - Study how public innovation may benefit the private sector, directly through inventions that can be used by companies and NGOs and indirectly through improved services

Competitive drivers



- The use of performance targets to derive “league tables” can encourage the use of innovative approaches in order to force up performance ratings.
- Performance targets may mobilize political efforts towards certain goals (Lisbon objective)
- However, the use of such targets, indicators and league tables often distorts operational behaviours, sometimes with unintended and deleterious consequences.
- Remember that the overall goal is not to reduce the number of nights spent in a hospital, but to bring the patients back to normal and improve their quality of life
- RECOMMENDATION: Use common sense.
- Do not rely on quantitative evaluation alone. Avoid NPM in its extreme forms. Give room for individual encouragement.
- Avoid incentive structures that do not reward idealistic commitment to the welfare of the clients
- Reward entrepreneurs with resources and more freedom
- On the other hand: some kind of measurement is needed for control and evaluation

Technological factors



- Technological innovation can be a strong determinant or driver for subsequent innovation.
 - The introduction or availability of new technology (for example, telemedicine or advanced data storage and handling capabilities, etc.) may provide an opportunity for another form of innovation (process, organisational, delivery, system interaction, etc.) to take place or to be implemented.
- **RECOMMENDATION:** Keep your ear to the ground and track useful technological innovation
- Network with research institutions and technology firm
- Employ people that can find, understand and make use of relevant technology
- Make public needs part of more publicly funded research programs

NGOs generates innovation

- **NGOs and the civil society** they represent are very important for a number of reasons:
 - Being agile and flexible, they seem to have a type of creativity and climate for entrepreneurship which is not possible in public organizations.
 - They have networks to dedicated people and local chapters which represent potentially powerful resources of human capital and creativity.
 - NGOs (as proved in transition countries) may have access to additional financial resources and in this way be crucial in the research, evaluation or piloting of the innovation.
 - In a policy perspective, the significance of civil society should be recognized and given opportunities for development.
- **RECOMMENDATIONS**
 - Involve NGOs in public innovation processes
 - Study their innovative practices and adapt the best practices in public organisations
 - Outsource to NGOs and private companies when relevant



Private companies generate innovation



“Privatization” can mean so much

- Outsourcing to private companies and NGOs
- Giving public institutions more independence
- Turning public institutions into state owned companies
- Selling state owned companies
- The borderline between the public, private and civil sectors varies enormously in Europe, and has always done so (the Church in Ireland, Private Social Insurance in Germany, State owned oil companies in Norway)

- Private companies generate innovation
 - By delivering technology, goods and services
 - By being service providers in public welfare schemes
- RECOMMENDATION FROM RESPONDENTS: Pluralism in different approaches to improving service provision to the client groups is important and should be encouraged.
- RECOMMENDATIONS: Encourage interaction between public sector organisations and relevant private companies, as both parties may learn from such interaction
- Outsource when it makes sense, but not for the sake of competition alone.
 - In some areas there are democratic, cultural and economic reasons for keeping activities on public hands (defence, equal access to education).
 - In some areas privatization may lead to private monopolies, which are not necessarily better than public ones
 - Privatization may lead to underinvestment in shared infrastructure (New Orleans, British railroads)
- Take national cultural and social variation into consideration. There is no best practice, only good practice!

More information and free reports can be found at the Publin web site

PUBLIN

Innovation in the Public Sector

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FINANCING

PUBLIN is part of the Programme for research, technological development and demonstration on "Improving the human research potential and the socio-economic knowledge base, 1998-2002" under the EU 5th Framework Programme.

INNOVATION IN THE PUBLIC SECTOR

On the Publin research project



Publin is a new research project under the EU Fifth Framework Programme.

Publin is to study policy learning and technical and administrative innovation in the public sector, and to get a better understanding of behavioural changes, learning processes and the implementation of new or improved technologies in public organisations.

The study will cover innovation in policy-making organisations, regulatory agencies and public enterprises, and will take into consideration the influence cultural traits, politics, management, networks and co-operation, entrepreneurship and evaluations has on innovation.

Special attention will be given to the policy learning as a policy phenomenon and how it affects innovation, including the effect policy decisions have on innovation in public services.

Main objectives

The main objective of PUBLIN is to develop a consistent and general basis of understanding of the main processes of public sector innovation and policy learning.

As part of this PUBLIN will

- contribute to the development of the theoretical foundation for studies of innovation in the public sector
- pinpoint innovation strengths and weaknesses in contemporary public service

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NEWS

Oslo Workshop

The PUBLIN researchers met for their first workshop in Oslo on February 17. and 18. 2003.

The next workshop will take place in Bratislava in September