

PUBLIN

THE PUBLIN POST NEWSLETTER No. 5 June 2005

The EU Fifth Framework Programme Project on Innovation in the Public Sector. www.step.no/publin/

PUBLIN to arrange conference in Cork

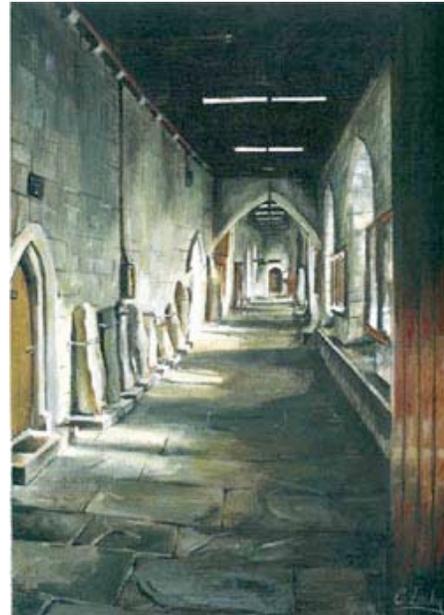
The Publin Consortium and the Department of Government at the University College Cork will be hosting an International Conference in Cork, Ireland on September 22-24, 2005. The conference has been given the title “Breaking New Ground: Innovation in the Public Sector”.

The conference is aimed at exploring both theoretical and practical aspects of public sector innovation. The conference will draw on the experience of high-level public servants, academics as well as the research teams of the Publin project, which has investigated public sector innovation in nine countries.

Papers have been delivered from the Publin Consortium and from other researchers both for the conference and a special edition of the journal Administration.

The conference coincides with Cork’s celebrations as a European Capital of Culture (<http://www.cork2005.ie/>).

The Publin Post newsletter will bring more information in its next edition.



Hospital-Managed Advanced Care of Children in their Homes (SABH)

The Swedish PUBLIN team presents their case study of innovation in the health sector.

The Swedish case is a new type of children’s health care, i.e. hospital-managed care of seriously ill children in their homes 24 hours a day that was established as a regular form of health care in Stockholm County in the year 2000. The innovation made it possible to care for seriously ill children at their

homes, children that before the innovation were cared for at the hospital.

SABH was and is an alternative to hospital in-patient care. SABH care for seriously ill children amounts to half the cost compared to in-patient care at the hospital. Mobile

“care teams” are always accessible to patients and makes the resources of the hospital accessible to patients in their homes. Families may themselves choose this type of care as long as the illness that their child has allows for it with all medical assurance and quality.

The head of the pediatric unit and the head of almoners at S:t Görans Hospital was the instigators of the innovation, i.e. it was a “bottom up” innovation. Their primary rationale for the innovation was to make the trauma associated with a child’s stay in hospital as small as possible. They established a working group that should design the new type of health care. The work started in 1996 and the innovation was introduced in 2000.

The intended new type of health care demanded other working routines than care at a hospital ward. The design included 1) new routines for mobile professional health care team including a control centre 2) new routines for interacting with the hospitals involved and their different clinics 3) new routines for interacting with parents 4) new routines for distribution of equipment needed.

The context in which the innovation was designed and developed was characterized by cutbacks in the public health care budget of the Stockholm County Council. The SABH case is a story about the struggle of how to make real an innovative idea that was supported by politicians but not facilitated by management at the hospital due to budget cutbacks decided by politicians.

One obstacle that delayed the establishment of SABH was a lack of financial resources for innovative activities within the County Council and the Hospital. The working group

had to a large extent carry out the mission in their spare time.

Politicians have had a dual role in regard to SABH. They were not involved in the early stages of development. However, in 1998 a politician in the County Council expressed publicly a very positive opinion about the concept of advanced care of children in their homes and when SABH was inaugurated two politicians, a conservative and a social democrat, both held very appreciating inauguration speech.

On the other hand it is politicians in the County Council that decide about budget cutbacks, which at several times have threatened the existence of SABH, but it is the management of hospitals that decides what activities to cut down or close down.

The management of the hospital and its divisions has also in different ways influenced the process. It was the head of



the children's division that gave the "go ahead" to start operations. However, management of children's division has also obstructed the development of SABH. A week after the inauguration the SABH staff was given notice by the head of the children's division. The reason was that the head had been ordered to save expenses by the head of the hospital. However the dismissals were not carried out. Instead the staff was employed for half year at a time.

During 1999 the staff was given notice three times. This uncertainty of employment meant that SABH had hard keeping its personnel and many also left. In November 2004 management of children's division planned to close down SABH as one of several ways to balance the hospital budget due to cutbacks decided by the County Council. However, the decision led to protests from parents to children admitted to SABH and from political parties in opposition in County Council. The consequence was that the County Council appointed a committee to investigate the future of children's health care in the county and there is currently a risk that SABH will be closed down.

Some pediatricians initially opposed the idea of SABH. When the final design of SABH was presented for the staff of Children's division very strong negative reactions were voiced. Some regarded the concept as medically risky and others expressed the opinion that the concept was "luxury" pediatric care".

The opposition to the innovation decreased in June of 2000. The County Council had engaged a consultancy enterprise to carry out an evaluation of SABH. In June the evaluation findings were presented to Stockholm County Council. Among other things they found that a "care day" at SABH

was cheaper than at hospital wards since SABH had fewer employees per patient and no ward costs. Other conclusions were that the goals of SABH had been achieved as far as medical quality, patient satisfaction and cost efficiency was concerned.

The personnel turnover had been high due to new work routines (that did not fit all), insecure terms of employment, bad working environment and the uncertainty whether or not the project would be transformed into an organisation for regular health care. In November 2000 it was decided, to which the findings of the evaluation contributed, by the head of the hospital, that SABH would be a department within the children's division and that the staff would be employed on a regular basis.

The technology goals formulated in 1997 had not been achieved when SABH started its activities. Even today this has not occurred. The reason being that available technology in the market did and do not meet the SABH demands. Another reason is that there was and is no funding sources in County Council for development of new forms of health care technology. If the "right" technology were developed SABH would be able to take on more patients.

Today SABH covers the needs of children's home care rather well within the Stockholm area. The SABH-model demands rather large populated areas to be effective. In Sweden it is only the towns of Malmö and Gothenburg that have the necessary number of children patients to make it reasonable. Hospitals from both towns have visited SABH to learn about the concept. Also, it would be possible to transfer the concept to health care of adults, but the interest of management in other divisions seems to be lacking.

PUBLIN, what have we learned so far

The PUBLIN team reflects on policy implications of PUBLIN research.

By Per Koch, NIFU STEP

Given that the work on the vertical work packages has not yet been finalized, the PUBLIN team cannot yet produce any concrete policy advice on the basis of new findings. Based on the participants' own experience and literature research, we can, however, offer the following preliminary hypotheses.

Innovation in the private vs. the public sector

Innovation and learning in the public sector is different from private sector innovation, partly because of different social and cultural environments, and partly because of different incentives.

Even if parts of the public sector are becoming more like private companies, in general these institutions are not motivated by the need for profit. Instead there is a struggle for power and influence, funding and the ability to shape policies and society according to the institution's main beliefs or rationality.

On the individual level, people are motivated by career opportunities, status, idealistic ideas about how to improve society, the need to work together with people who share your own idea of how society ought to be (shared scenarios), and more.

Public and private institutions are also shaped by different sets of regulations and principles for governance.

These differences must be taken into consideration when developing innovation policies for the public sector. One cannot,

for instance, indiscriminately transfer innovation strategies from private enterprises to public organisation without taking the social environment into consideration.

This being said, there are also great similarities between innovation in the public and private sectors, for the simple reason that these processes are based on people involved in learning processes. A general understanding of learning is therefore



essential when studying innovation in both areas of society.

Moreover, learning must be understood as something more than a simple transfer of “knowledge” – i.e. “knowledge” understood as a “thing”. Knowledge, or – rather – competence development, must be understood as a complex process that involves both codified information and learning-by-doing, and as a process that is dependent on personal relationships and network building. Much knowledge is anchored in the individual, as “tacit” knowledge: competences that are not easily transferable to others.

The fact that learning and innovation are processes based on networks and clusters of people and institutions, means that it is often hard to determine what is public and what is private innovation. Ideas and innovations may be born out of an interaction between public, semi-public, private and civil institutions. A hospital may for instance cooperate with a company to develop a certain technological solution.

The PUBLIN team looks at all aspects of such knowledge creation and innovation.

Beyond cost cutting

There is a tendency to focus on rationalization and effectively within the organisations instead of focusing on a total environment fostering innovation and creativity.

Cutting costs may indeed be an important step towards a more efficient organisation, but in the long term such savings may undermine the loyalty and the creativity of the employees. Investments in innovation may lead to greater savings in the long run, within the institution as well as outside it. Hence a new medicine will require an increase in budget in one part of society. However, if this means that the patient gets

back to work at an earlier stage, society as a whole may save money.

Moreover, there may also be a tendency to overlook the need for a discussion of the relationship between various social objectives. Yes, the implementation of a new technology or methodology may actually lead to an increase in expenses, but can at the same time give a better quality of life for a significant number of citizens.

The greatest asset of public sector organisation is the competences and talent embodied in the employees. Hence one of the best ways of improving this sector may be to implement measures that encourage creativity and unorthodox thinking and that let talented people get a greater saying in how to run the organisations and in how to develop policies.

The innovation system

Innovation in public sector institutions cannot be disconnected from the surrounding system of innovation. Public organisations are often founded for the best of reasons, but systemic failures in the policy system often forces them to make suboptimal strategies in order to achieve their objectives.

This is for instance seen in the annual struggle between the ministries of finance, who normally responsible for keeping the budget under control, and the other ministries, who all struggle to get a larger piece of the pie. This system rewards political cunning and clever alliances, not an overall capability for developing trans-sectoral policies.

This is also seen in inflexible systems for division of labour, where one public organisation has little insight into what a related organisation is doing. From a user perspective this might easily lead to policies where the interests of one public

organisation undermine the needs of another.

The role of rationalities

Innovation in the public sector is influenced by what PUBLIN call rationalities (i.e. world views or basic beliefs). The large variety of rationalities in the public sector is a valuable resource as it may open up for new ways of thinking and new approaches towards solving common problems.

These rationalities are, however, often embedded in one organisation or a department of one organisation (an actor network), and the members of this actor network often tend to identify their rationality or world view with their struggle against competing organisations. In this way rationalities may hinder rather than foster communication and understanding.

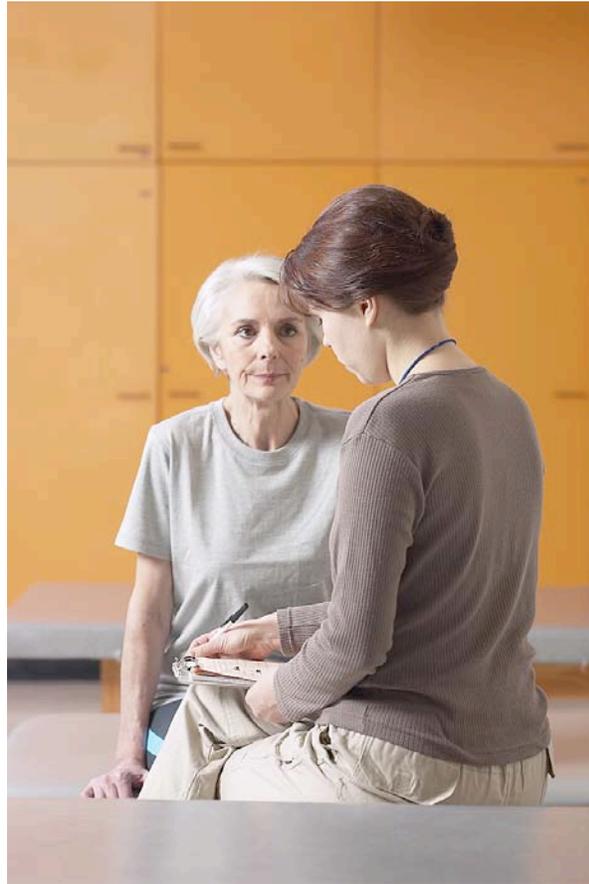
It is therefore important to keep these differences in mind when developing strategies for learning and innovation in the public sector.

Implementing innovation in the public sector may be more successful if the employees are involved in the decision process or at least is continuously informed about the plans taking shape. Lack of information makes people insecure and suspicious and more hostile to reform.

Terminology

Although public employees take part in innovation activities – or even initiate innovation themselves – they often use other terms than innovation, like “reform” or “modernisation”. This may or may not be an indication of a more limited view on what innovation is or should be.

The fact that public employees often use the words “innovation” and “increased productivity” or “modernization” interchangeably also means that some of our



respondents are hostile towards the concept of “innovation”. Some of them actually believe that they by helping PUBLIN studying innovation ultimately will contribute to a process that undermines their ability to do their job.

Differences between countries

Innovation processes in Lithuania and Slovakia seem to be more top-down than in “old” member countries like the UK and the Netherlands. That being said, there are common trends in all countries, for instance the tendency to decentralize and focus more on the choices made by the citizen/patient/client.

Both Lithuania and Slovakia reports a strong need to find a new balance between the need for liberalisation, and the need to develop tools that makes social planning possible.

Public innovation online

Publin takes a look at an online journal on innovation in the public sector.

There is not much to find on innovation in the public sector online. This is partly caused by the fact that it is a new research field, and partly because the phenomenon of learning and changes in the public sector is filed under other headings – like, for instance, organisational change, modernisation etc.

However, there is one site that focuses solely on innovation in the public sector. Established in 1995, *The Innovation Journal: The Public Sector Innovation Journal* is a peer-reviewed, Internet-based journal devoted to sharing ideas and discussing public sector innovation. It publishes scholarly and practitioner-oriented papers, books, case studies, book reviews, and news, and keeps readers up to date on



upcoming seminars, publications, and other sites.

The Innovation Journal also monitors innovation in government, innovation awards, and posts the schedule for the Innovation Salon.

The Innovation Journal is found at: www.innovation.cc. It has a French site as well, called *La Revue de l'innovation* (www.innovation.cc/francais/index.htm).

The journal has its root in Ottawa-based innovation networks founded by Eleanor Glor, a Canadian expert on government innovation.

THE PUBLIN POST NEWSLETTER

This newsletter is published by NIFU STEP (www.nifustep.no), co-ordinator of the PUBLIN research group, which is responsible for The EU Fifth Framework Programme Project on Innovation in the Public Sector. For more information on PUBLIN, see the PUBLIN web site at www.step.no/publin/. To subscribe to this newsletter go to [tp www.step.no/publin](http://www.step.no/publin) and fill in the form. You may alternatively send a blank email to subscribe-956604568@ezinedirector.net. To unsubscribe send a blank email to remove-956604568@ezinedirector.net

Editor: Per Koch, per.koch@nifustep.no

Photos from photos.com and the University College Cork