



A Study of Innovative Processes in the Public Sector in Sweden

The Swedish Ministry of Education and Science commissioned a study on Innovative Processes in the Public Sector in July 2002 and the results was presented in October 2003.

Professor Janerik Gidlund, Principal of Örebro University led the work assisted by PhD Per Frankelius, Örebro University.

The objective of the study was to:

- a) describe the activities and the R&D resources that is used to support innovativeness and development within municipalities and county councils
- b) suggest how municipalities and county councils would be able to systematically make use of new knowledge and R&D to improve and renew their activities
- c) discuss if R&D within municipalities and county councils could be developed in interaction with governmental bodies
- d) discuss how municipalities and county councils could be used to reinforce local and regional innovation system

The study was carried out with interviews, hearings and case studies. The main focus of the hearings was to discuss methods and attempts to stimulate innovative processes and obstacles for innovative processes.

50 cases of innovative activities within the public sector were included. These are examples of innovative processes or actors, tools and methods that stimulate innovative processes.

The study suggests four activities aimed to stimulate and strengthen innovativeness within Swedish county councils and municipalities.

- The establishment of a state program for investment in innovative projects within municipalities and county councils (the state would finance 50 % and the county council or municipalities 50 %). The goal is to stimulate innovative leadership within the sector and to facilitate good ideas from employees. This also put pressure on public actors to coordinate and cooperate on a regional basis to be able to design attractive projects.
- The establishment of a database covering best practice and links to research and development projects, and related activities. The aim is to facilitate benchmarking and the diffusion of successful innovative processes.
- Establishment of Regional Centres of Excellence as a complement to the existing Science and Technology Parks that are regionally based. Establishment of two new Centres of Basic Research with PhD students employed by Swedish Municipalities. Both these suggestions aim to facilitate the

national knowledge production on innovative processes especially within municipalities and county councils, which requires more research and education.

- The introduction of a third criterion for academic merits, which would be level and amount of cooperation with actors outside the academic world. This is expected to increase contacts between the public sector and the academic world and thereby increase innovativeness in the public sector.
- The establishment of a new agency with the assignment to identify and headhunt promising companies outside Sweden and do matchmaking with Swedish municipalities. This would result in increased growth, a larger tax base and thereby more resources to the public sector.

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From the Swedish Publin team at VINNOVA

Promoting Innovation in Government

Report on the challenge of innovating in government,

The Workforce Performance Newsletter (<http://www.opm.gov/perform/articles/2001/sum01-6.htm>) gives a review of *The Challenge of Innovating in Government* by Sandford Borins. The challenge for senior managers in the public sector is to provide incentives and support to call forth more innovation," according to Sandford Borins.

Part of that challenge, he says, is in creating an innovative organization and environment that encourage innovation. He cites the lack of financial rewards, the political environment, stringent agency controls, and public domain of public sector intellectual property as major barriers to creating an innovative organization in the public sector.

The report—a combination of two different perspectives on public management innovation, the organization, and the individual innovator—is based on research and surveys of over 300 Federal, State, and local government reformers who received awards for their innovations. Award winning managers from the Federal Emergency Management Agency, Pension Benefit Guaranty Corporation, and the Departments of Labor, Defense, and Housing and Urban Development participated in the survey.

From the Israeli PUBLIN team at the University of Haifa

Innovation in Health Care

A study of 21 health care innovations in The Netherlands shows that diffusion is the heart of the problem.

The world of health care is a fertile ground for experimenting and innovation. Many experiments prove to be successful. Take the Dutch experiments with treatment of pregnant women with a higher risk, which are checked frequently at their homes instead of being kept in a hospital. Studies in Tilburg and Utrecht show that this approach reduces cost (by about 50%), gives higher satisfaction among the patients and no higher clinical risk.

This project is one of 21 health care innovations described in a study of two Dutch researchers: dr. Guus Schrijvers and dr. Nico Oudendijk. The former is professor in health care sciences at the university of Utrecht and the latter is director of the department for innovation in the Dutch health ministry (www.minvws.nl).



In the cases they described, all relevant parties were winners: the patient, the physician, the nurse and the premium payer. The researchers observe that innovations in health care are mostly born out of a certain (and sometimes even an existential) urgency within the care system. They point to a very successful and innovative eye clinic that almost had to be closed because of insufficient quality of the care.

The second observation is that innovations mostly seem to be the work of lonely, but inspired individuals who ignore bureaucratic and financial obstacles. Innovations have their origin at almost any level of the organization: from the work floor to the boardroom. The basic message from this study is that there is no lack of new ideas, and new experiments; the problem is rather that good ideas do not get the support to diffuse.

The researchers point to a number of hindrances: inert management, blocking financial systems, ego's, time, lack of attention for the improvement of processes. The writers expect new impulses from the care insurance firms and their procurement policies, consumer (read: patient) organizations and the government. Source: *Moderne patientenzorg in Nederland (2002) (Modern health care in The Netherlands)*.

From the Dutch Publin team at MERIT

Community based rehabilitation

A new form of social assistance for the elderly in Slovakia



Community based rehabilitation is something new in Slovakia. It started up three years ago as an attempt to harness the efforts of the public, private and voluntary sector in Slovakia and make sure that changes in local government structures led to improved cooperation between the different agencies and not just more fragmentation of provision.

With the help of a Canadian partner, the International Centre for the Advancement of Community Based Rehabilitation at Queen's University, Kingston, the Slovak Ministry of Health and the Ministry of Labour, Social Affairs and Family set up pilot projects in several areas of the Slovak capital, Bratislava, where they collaborated fully with non-public organisations involved in the care of the disabled and elderly.

The result was an improvement in the position of the target groups by making them more independent and equal members of the society, and giving them better access to services in the health, social and community sectors.

The project activities have focused on three main areas.

First of all, pairs of organizations who were already working in the field of social services were selected for pilot projects where they were given assistance in coordinating their efforts so that they could offer a more comprehensive programme of community based rehabilitation by cooperating at the grass-root level.

Secondly, new, innovative forms of training were given to professionals who would be working in the area of community based rehabilitation. This enabled them to carry on the work by creating strategies for providing this kind of service for elderly, and by developing curricula for training public and voluntary sector workers in the social services field. A multidisciplinary team of doctors, social workers, rehabilitation assistants, psychologists, teachers and policy makers cooperate in conceiving and carrying out new schemes for community based rehabilitation.

The final aim of the project is to assist long-term strategic planning for the establishment of community based rehabilitation throughout Slovakia.

From the Slovakian Publin team at Comenius University

The role of Business Services in the Modernisation and Innovation on Public Administrations

Policy implications for the European Union

Business services have a growing role in the modernisation and innovation of public administrations. These services are a source of innovation and effectiveness, what is crucial for European public sectors. The public sector needs to be more efficient in a context where its size and related-expenditures has to be reduced in order to face with the EU stabilization pact and the growing conflict between the welfare state and competitiveness: the growing cost of the European welfare systems, mainly due to demographic changes can be partially compensated by gains in efficiency and modernisation in public sector. A successful strategy in modernising the public sector could lead to direct and indirect positive impacts. On one hand, better services to citizens and more efficiency in the use of resources. On the other hand, spillover effects for all organisations dealing with public administrations and less budgetary pressure to cut those social rights derived from a hardly consolidated welfare state.

Table 1. Business services useful for modernisation of public administration

| <i>7 major functions in public administration suitable to be modernised by services</i> | <i>Examples of business services</i> |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Political strategy, evaluation of users' needs and resources. Development of new policies. | <ul style="list-style-type: none"> • Management consultancy • Polling opinion and Market research • Social research and development |
| 2. Administration and control | <ul style="list-style-type: none"> • Billing, accountancy and auditing • Legal services • Quality control and quality standards |
| 3. ICT management | <ul style="list-style-type: none"> • Computer services • Internet and intranet services • Telecommunication services |
| 4. Personnel | <ul style="list-style-type: none"> • Selection and provision of personnel • Professional training |
| 5. Marketing and communication with users | <ul style="list-style-type: none"> • Advertising • Direct marketing • Web pages services and e-governance services |
| 6. Transport and logistics | <ul style="list-style-type: none"> • Logistics and transport services • Express courier • Renting, leasing and Real Estate |
| 7. Facility management services | <ul style="list-style-type: none"> • Security services • Building cleaning services • Catering • Environmental services / waste disposal • Maintenance and repair of equipment • Energy services and consumption of |

Table 1 shows seven major functions that services can perform in public administrations and which are the major related-business services for each one. In many of these functions, business services constitute a source of innovation in different ways such as technological (e.g., ICT services) or organisational (e.g., outsourced services)

The link between innovation and modernisation of the public sector requires a comprehensive understanding of the relationship between public sector performance and the overall performance of the economy. This linkage represents a new perspective on the role of the public sector in the economy, which considers the

public sector as an integrated part of the whole system, and an important element of its functional development. Business services provide innovative elements to public administration that constitute a strong linkage element in this integration.

From this wider perspective business services may contribute to the performance of public administration in four perspectives.

From a horizontal point of view (suitable to affect all public services):

- *Any public service can be provided in more efficient and modern way.* Public administrations need to be innovative to do more with less, to provide more and better services with less and more efficient resources. The mere use of business services may contribute to this.
- *Outsourcing of business services, knowledge and advanced services* in particular, (e.g., IT services, management consultancy) as a key source of modernisation, innovation and linkage to the market services sector. These outsourced services may provide the external and international knowledge requested for modernisation and innovation strategies.

From a vertical point of view (to certain public services):

- *New totally or partially privatised services.* In recent years, transfers from fully public services being produced within the public sector to the use of private providers of public services have occurred. The use of outsourcing is an example of this, but state also support private institutions (schools, hospitals, etc), privatisation of state owned companies (like railways, telecommunications and electrical plants) and concession systems. In all these changes business services can be used to support their efficiency and to advise about the related impacts.
- An alternative, to clean-cut outsourcing, which let governments retain a higher degree of control in the production, is *public/private partnerships*. Within the area of research and development the use of public and private partnerships is also getting more frequent.



Policies to improve the role of services and innovation in public administrations must be improved inside the European countries. The European Commission is in a unique position to gain an extensive view of public innovation and modernisation in Europe. The European authorities may discover similarities and differences between innovation processes in different parts of Europe and use this knowledge to develop and promote a set of good practices. This knowledge may be used to develop policy measures on the European level and to give inputs to policy development in member states. This may also be useful for candidate countries experiencing particular difficulties in establishing market based economies and new administrative structures.

Some of the possible policy actions that could be implemented in European countries are:

- Study actions at EU level on the identification of barriers and best practices of innovation and modernisation in public administration. There should be an explicit focus on the role of outsourcing (e.g., what is outsourced and what is not; how the process take place and the procedure, which are potential companies, how does interaction take place between the public authorities and the providers, how do the results produce innovative effects, etc.)
- National and regional innovation policies should take into accounts the 'best practices' and adapt them to their specific environment. The exchange of best experiences should be promoted through the IDA European network.

Within the political scope of the Publin project certain policy actions are mentioned which may be coordinated to focus on the particular impact of business services

- Promote and ensure that coordination and cooperation mechanisms are in place between national and regional levels, and between different departments responsible for matters relevant to innovation and modernisation, so as to guarantee a coherent approach to innovation policy.
- Implement periodic target-setting, monitoring, evaluation and peer review of regional and national programs for enhancing both innovation within public administrations and the bodies that implement them.
- Adapt the rules for the diffusion of research results from publicly funded research (licensing, access to foreground knowledge, etc.), to encourage exploitation and transfer of results so as to foster innovation.
- Encourage comprehensive 'stakeholder' debates on innovation and modernisation 'involving specialists, companies, consumers and public authorities.

All this is only a first approach on the role of business services in modernisation and innovation of public administrations, so further research and attention is needed.

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