Innovation in the Federal Government:

The Risk Not Taken

A Discussion Paper Prepared by the

Public Policy Forum as a Background Document for a

Roundtable Discussion to be held on behalf of the

Off-ice of the Auditor General October 1998

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A fantasy version of an empowered workforce is one composed of 'energetic, dedicated workers who always seize the initiative (but only when 'appropriate '), who enjoy taking risks (but never 'risky' ones), who volunteer their ideas (but only brilliant ones), who solve problems on their own (but make no mistakes), who aren't afraid to speak their minds (hut never ruffle any feathers), who always give their best to the company (b it ask no unpleasant questions about what the company is giving them back). How nice it would be ... "to empower workers without actually giving them any power." [1]

Innovation in the Federal Government: The Risk Not Taken

"From 1875 through the 1930s, social innovation took the form of creating new public service institutions... The next twenty or thirty years will be very different. The need for social innovation may be even greater, but it will very largely have to be social innovation within existing public service institutions. To build entrepreneurial management into the existing public service institutions may thus be the foremost political task of this generation". [2]

In 1985, Peter Drucker prophesied the need that would be found for, and the difficulties that would be engendered by, introducing greater entrepreneurship and innovation into the public sector. As Drucker's words explain, innovation is not new to government. However, traditionally, innovation - be it in policy, program or structure - was a decision taken by the system as a whole. What is new is the requirement that individual public servants take an innovative approach to their work.

Background
In 1989, the senior public leadership in Canada launched a major internal assessment and renewal of the public service and public management: PS 2000. One of the elements of this exercise was an attempt at cultural change that would foster a spirit of initiative, and convince public servants to shift their focus from adherence to rules and regulations towards producing excellence in service.

The high expectations raised at that time have not been met. Senior leaders, both political and bureaucratic, who hoped to see innovation bring about enhanced efficiencies and improved productivity are disappointed at the low level of results. And public servants who initially

believed that their ideas and work would be more valued are frustrated that little seems to have changed.

This is not to say that there has been no innovation in the federal government in the decade since PS 2000 was launched. Examples abound, both large and small, witnessed by "reward and recognition" programs in various departments and by organizations such as IPAC. However, these examples still seem the exception - they stand out because they are infrequent.

This, therefore, is the context in which the Public Policy Forum, on behalf of the Office of the Auditor General, is undertaking an inquiry into innovation and risk-taking in the federal government. This paper has been prepared to set the context for a roundtable discussion to identify factors which constrain innovation in government and strategies that could reduce or eliminate these factors. It reflects current literature on the subject. Our focus in preparing this document is the individual public servant and factors that impact negatively or positively on innovation and risk-taking from his or her point of view.

This paper is constructed in four parts. It will begin with a definition of terms related to innovation and risk-taking to clarify the basis for our comments. The second part will set the context by briefly describing the evolution of public management in the past two decades and the current political climate. Factors which impact negatively on innovation and risk-taking will be described in the next part. Finally, suggestions for certain approaches to enhancing innovation and risk-taking which could be considered by the federal government will follow.

I. Definitions

Some of the terms used in this paper include: innovation, empowerment, risk, risk-taking, risk aversion, and risk management. To facilitate discussions, below are definitions which will help clarify how these concepts are used in this paper and what they mean in a government context.

Innovation:
The introduction of something new - this may take the form, among others, of an idea, activity, initiative, structure, program, or policy.

Empowerment: Generally takes two forms..
   1) actively seeking input from line managers and staff on decisions to be made concerning their sector's activities; and
   2) authorizing line managers and staff to make more decisions based on their own judgement and understanding of their organization's mission and role. Central authorities in governments have tended to try to promote empowerment by replacing prescription by rules with frameworks for guidance on decision-making. It includes the notion of "enabling" through information sharing, teamwork and training and development.

Risk: Arises out of uncertainty concerning exposure to possible damage or loss.

Risk contains two elements:
   1) the likelihood of something happening, and
   2) the relative degree of severity of consequence if it happens.

Risk-taking:
A decision to undertake an initiative that carries to a degree, known or unknown, the possibility of unfavourable outcomes. This decision is based on the calculation that unfavourable outcomes can be minimized or that favourable outcomes will outweigh unfavourable outcomes.

Risk aversion:
An attitude of avoidance of most or all situations which carry a potential for unfavourable outcomes.

Risk management:
A logical and systematic method of identifying, analyzing, assessing, treating, monitoring, and communicating risks associated with any activity, process or function in a way that will enable organizations to minimize losses and maximize opportunities.

II. Context

A) brief history of the evolution of public management and the emergence of innovation

The revolution in public management was launched by Margaret Thatcher in Britain in 1979, and quickly spread to most Western democracies. The changes were intended to meet three objectives. The first was to reduce the influence of the public service and make it more responsive to political direction. The second objective was to introduce private sector management practices into the public service to improve economy and efficiency in government. The third was to ensure that the design and delivery of public services better met the needs of the citizens. In the decades that followed, this approach was adopted by governments in most Western countries who sought to reform public policy and management. [3]

In addition, three major determinants influenced the direction taken by public sector reform. Most obviously, although levels of debts and deficits varied, the priority of most Western democracies was to reduce public spending. Secondly, trust in government has been declining throughout the developed world, resulting in a demand for "better, cheaper, and more efficient government" [4]

Finally, public policy and management are recognized as crucial to national economic prosperity in the new era of global competitiveness. [5]

These changes in focus and direction in public management incited a paradigm shift from a structured, hierarchical, specialized, impersonal and process-oriented bureaucracy to one that is entrepreneurial, flattened, open, fluid, client- and outcome-oriented. Aucoin tells us that,

"... while bureaucracy is necessary for a minimal level of good management in government, performance beyond this requires something more. [6]

The new form of public management that evolved to provide this "something more" emerged in the public sector for the same reasons as in the private sector, namely an increased concern with results, performance and outcomes. Modeled in many ways on private sector approaches to management, it includes among its most important characteristics: increased flexibility to enhance responsiveness and priority given to the management of people, resources and programmes rather than to the administration of activities, procedures and regulations. And, as in

the private sector, a natural corollary to the need for flexibility and the focus on clients and on outcomes is the notion of innovation and risk-taking as a basic skill for public servants, both managers and staff.

It was in 1989 that, in Canada, the senior public leadership launched PS 2000, its own major initiative to assess and renew the public service and public management. Among the "Fundamentals of Renewal" proposed by PS 2000 were a series of management principles that specifically included innovation. The first principle stated that,

" Within a framework of law established by Parliament and of policy established by Ministers, Public Servants will be empowered and encouraged to use their creative energies to decide themselves how best to use the resources made available to them in order to get the job done in the most efficient manner". [7]

Other principles included delegation of decision-making authority, rewards for innovation leading to increased productivity, and research and development to sustain innovation. Many initiatives have been undertaken to carry out these principles, including for example, delegation of some financial and human resources authorities and the creation of reward and recognition programs for well-performing employees. However, the general sense remains that an adequate level of innovation and responsible risk-taking has not yet been reached at either the management or staff levels. An inquiry is needed to identify the barriers that still exist to innovation as a more frequent characteristic of good performance in government.

B) The current environmental conditions

Before discussing constraints on innovation in more detail, it would be useful to take a brief look at some of the major elements of the current environmental conditions in which public managers and staff live and work, and which will influence their approach, among other things, to innovation.

First of all, the world of the public manager is changing continually, and in fundamental ways. Economic instability, technological revolutions, shifting demographics and global competitiveness have important effects on public policy and management. One the one hand, as a result, national policy-making is becoming increasingly complex. Indeed, the impact of government programs is usually not limited to one policy area. Coordination on the national and international level is crucial to sound governance and societal health. Senior public managers must have the skills necessary to assess the impact of policy in a holistic way, and not just in terms of their area of responsibility. On the other hand, the changing composition of the work force and the effects of evolving technology on work require public managers to adopt new approaches to management and to develop new skills to continue to manage well.

A second element is the decline of public trust in government. Perceptions that past policies have been ineffective and that governments are unable to solve important economic and social problems has led to a loss of respect for public institutions in many countries. In addition, bureaucratic "bashing" by politicians and the media has eroded public confidence in the public sector. These two elements are affecting the public service in several ways. First of all, constant criticism of the public service is recognized by many who study the public sector as having a strong negative impact on public service morale and productivity. Secondly, a demand for

increased transparency and better results in government has resulted in the adoption of new methods of accountability focussed on outputs and outcomes - a difficult challenge when trying to measure the results of policies or programs that are affected by factors beyond the scope of government. As well, relations between ministers and public servants have been affected by the increasingly comprehensive mandates of parliamentary audit agencies which seek to ensure that the public service is implementing policies to the satisfaction of Parliament, and trust between the two levels of government has declined.

A third element of crucial importance is the continuing era of expenditure restraint, combined with increasing demands from the public for more programs and services. In this context, innovation is seen as particularly important, where public servants are asked to find less expensive solutions to policy issues as well as more efficient and effective means of delivering programs. This may well be the context where the lack of innovation is particularly frustrating for both politicians and senior public managers.

This then is the framework in which the demand for increased innovation and risk-taking in government has evolved. In the next section, we will discuss in more detail how some of these elements have evolved to impact on individual public servants and their approach to innovation.

III.   Constraints on Innovation and Risk-Taking in the Federal Government

Accountability - or blame?

Traditionally in the Westminster system, the minister is held ultimately responsible for "mistakes" made by the department. However, in spite of this still existing traditional doctrine, the reality is that over the last decade or more, politicians have demanded more and more that public servants be held accountable for departmental actions. As early as 1985, a Special Committee on Reform of the House of Commons of Canada stated categorically,

"The idea of a minister being responsible for everything that goes on in a department may once have been realistic, but it has long ceased to be so. A minister cannot know everything that is going on in a department. The doctrine of ministerial accountability undermines the potential for genuine accountability on the part of the person that ought to be accountable - the senior officer... of the department." [8]

By 1990, in the Canadian system, the issue of accountability had been further transformed by several developments, including empowered parliamentary committees, freedom of information legislation, an increased number of parliamentary oversight agencies, greater control over executive and administrative powers by tribunals and courts, and the enactment of the Charter of Rights and Freedoms. "All these," Aucoin tells us, "have contributed to a public service that is much less anonymous and more tightly controlled than has been the Canadian norm." [9]

The result has been "confusion" as kindly described by Aucoin, concerning the level of responsibilities of ministers and of deputy ministers. Others have been more damning. Aucoin refers to Sharon Sutherland's article on the Al-Mashat affair where the government held a public servant and a political aide publicly accountable for a particular incident and subjected them to a parliamentary committee inquiry. [10]

"Sutherland's incisive account of this affair demonstrated the inherent contradiction between ministerial responsibility and direct public service accountability to Parliament. In this case, the political process denied these two officials recourse to the principles of natural justice because their obligations to respect ministerial coincidences meant that they could not speak fully in their own defense. 'It also let ministers escape personal responsibility. As Sutherland put it:

'The impression was created that accountability will rest with the most senior person unfortunate enough to miss the key meeting'." [11]

In a very general way, pointing fingers is part of our culture in Western democracies. Gilles Paquet speaks of "blameability" as it is reflected in our judicial approach. Referring to judicial commissions of inquiry into suspected wrong-doing, he declares

"*The main reason why judicial commissions of inquiry headed or fueled by the legal perspective have proved quite unsatisfactory has to do with the tendency of such bodies to be mesmerized by experts in the business of interrogating and punishing. Those persons are neither trained to analyse nor really prepared to handle issues of malfunctioning institutions or flawed administrative systems. As a result of their narrow legalistic perspective, the notions of burden of office, of accountability and ethics are redefined in a flawed and reductive way. For them, error is not a source of learning but rather a source of blame and it demands punishment.*" [12]

The maltreatment of a deputy minister by a parliamentary committee in 1987, the Al-Mashat affair in 1990, the 1995-1996 Senate hearings on the Pearson Airport deal, and most recently the Somalia and Kreaver inquiries, are example of a series of events which continue to perpetuate the impression of "witch- hunting" among public servants. Professor Thomas tells us that;

"The practice of blaming public servants for the errors and shortcomings that arise from the political process or from the constraints of the internal rules and procedures will have to subside if we expect public managers to confront the uncertainties and risks involved with change." [13]

Donald Kettl adds;

"No system can simultaneously call on managers to assume more discretion and take more risks without creating political incentives to support their decisions and eliminating harsh recriminations for the risks they take." [14]

Although public servants do not necessarily imagine themselves facing a commission of inquiry for every decision they make, there is a perception that public servants who make mistakes, even if under the orders of their superiors, will pay a heavy price.

Empowerment and the changing infrastructure[15]
Empowerment as a necessary criteria for innovation and risk-taking was one of the important concepts of PS 2000, as indicated in the quote given earlier. It was recognized very early on in public management reform that major structural changes would have to be undertaken to empower public servants to find new ways of carrying out their responsibilities. This was not easy to do. The traditional form of bureaucracy was ideally suited to translating political goals which were often vague, diverse and contradictory, into administrative action. In this traditional

structure, records and standards could be established to prevent arbitrariness and corruption, and ministerial responsibility was protected.

Over the last few years, various initiatives have been undertaken to reduce or remove barriers to empowerment by changing the infrastructure: initiatives have been undertaken towards less specialized job classifications, flattened hierarchy, looser rules for the use of financial and human resources, and the promotion of teamwork across departments. The results of these changes have been less than desired, as was indicated by a study undertaken in 1997 by the Public Policy Forum. A series of focus group consultations on the subject of organizational retention and compensation were held which included questions on the current work environment. It was evident from the discussions that many managers and staff in Ottawa were not seeing positive results from infrastructure changes that have been made over the last few years.

"The current culture emphasizes a 'must have now, must be perfect' attitude. Participants asserted that individuals at all levels of the organization are .frustrated with the stress caused by relatively insignificant issues... Today's executives feel inundated by 'process', the prevalent micro-management, and the need for a committee to make decisions. "[16]

"' We should note, furthermore, that consultations held with regional executives brought somewhat different results." *Regional executives felt they had more autonomy and authority over their immediate work environment than their counterparts in NCR. This circumstance was attributed mainly to their further proximity from deputy ministers and ministers. Many regional executives felt it was easier to keel) a certain distance from the rules and process of Ottawa."* [17]

These remarks would seem to indicate that the current environment in the public service is not conducive to creating the dynamic, fluid context needed to foster innovation and risk-taking among managers and staff in government.

Empowerment and breaking the rules
On the other side of the coin, unfortunately, when the concept of empowerment was first introduced into government culture, it was sometimes perceived as conferring the right to break the rules. Peter Aucoin tells us that

"The assumption has been that, to achieve better results, public servants ... must be freed from controls, rules and compliance with procedure. To the extent that Canadian reformers have framed the [reform] agenda in terms of discretion and empowerment (even at times implying that 'entrepreneurial' public servants should ignore controls and procedures to overcome bureaucracy), it is not surprising that ministers and Members of Parliament have been less that enthusiastic supporters of the new public management." [18]

And indeed, the PS 2000 exercise in its fledgling days was already marred by political, bureaucratic and media reactions to initiatives that were perceived to be irresponsible decisions to ignore rules made by managers and staff in the Department of Fisheries and Oceans, Health and Welfare, and the Canada Communications Group. [19]

Although a case can be made for misunderstanding rather than malice on the part of both the managers and staff, and their critics, the effect of these publicly discussed situations has been to maintain risk aversion in the government culture.

In other situations, true cases of mismanagement of resources, particularly financial resources, have been discovered over the last few years. The perception among executives in government is that even though some rules have been relaxed, as a result of situations like these, new rules have been created to ensure good behaviour on the part of public servants.

"This frustration is ever increasing, as executives are asked to work more like the private sector yet without the required flexibility. While Public Service values of prudence and probity guide the actions of the majority off executives, the general sentiment expressed was that the government is incapable effectively dealing with the few 'bad apples' who might take advantage of the system. Rather, the exception to the rule is constraining the entire workforce unnecessarily." [20]

Unfortunately, in times of sagging public trust in government, efforts by public managers to be seen to apply controls that will ensure that such situations never happen again are often perceived by the public servants to whom they apply as unnecessary, and one more proof that they are not trusted to make the right decisions.

Capacity - more rather than less
Another factor that mitigates against innovation, but that is not often recognized, is the reduction in capacity - both human and financial - that has resulted from the public management reform undertaken in the last decade. The original vision that managers would "do more with less" is now recognized as not feasible. However, managers are still being asked "to do new with less" without being given the required support. When managers are asked to undertake changes, often quickly and under enormous political pressure, there is neither the time nor the impetus to be innovative. One British expert states,

"The resulting solution, usually and understandably, takes the form of a 'boll-on' addition to existing arrangements, and there is often a significant under-estimate of the degree of change required to get people to work differently and the effort required to make that change stick." [21]

Donald Kettl adds

"Making the reforms stick the evidence shows, requires sustained hard work; a recognition that the whole process cannot simply be left to fend for itself; and a substantial investment ill management capacity - ill people, processes and technology". [22]

In the Forum study, a participant stated, "There is no ability to take risks, but you must lake risks as there is less and less people there to make decisions. The result is that I go to bed constantly worrying... [23]

The solution to this situation is not, of course, a simple one. The old days of "throwing money at the problem" are long gone, and financial restraints will continue to make it difficult to improve capacity in a major way, at least in the short term. But recognition on the part of the leaders that

capacity issues affect innovation and risk-taking could help to change perceptions somewhat and ease the pressure on public servants to "do the impossible."

Values and ethics - it takes time

Innovation and risk-taking are now considered one of the values to be espoused by public servants, as demonstrates a study carried out by Kenneth Kernaghan on the values statements adopted in recent years by many public organizations in Canada. He found that the new statements contained values never mentioned in traditional statements, such as innovation and creativity, while other traditional values such as neutrality and loyalty did not appear. [24]

Indeed, innovation is seen to clash with the traditional values of accountability and neutrality.

Kernaghan warns that such shifts involve ethical issues and dilemmas which must be analyzed and resolved. [25]

In its "Discussion Paper on Values and Ethics in the Public Service", the Deputy Minister Task Force on Values and Ethics discusses some of the reasons that "mission and values" exercises which intend to communicate and inculcate new values often fail. Among others reasons, the paper states

" Values are sustained by a community that believes in them and sees them acted out daily, ill both concrete and symbolic actions. This points to the importance f o leadership and of role models. But it also points to the weakness of abstract principles that are not permitted to be concretely embedded and embodied ill a community of practice .“ [26]

Thomas adds

I*t is perhaps not surprising that most of the initiatives related to cultural change ill the public service< have involved symbolic activities like the development of mission/values statements and the use of organizational event/ceremonies... available studies suggest that people become fully committed to all organizations values only when they internalize them deeply. Mere awareness and compliance ill a behaviourial sense with value statements is not enough to achieve deep change. In summary organizational culture are not easily altered in intentional ways and the process is likely to be very slow, taking decades rather than years."* [27]

Frank Swift goes further. Describing the middle managers as the "culture carriers" who "play a pivotal role ... by passing on their perceptions of the needs and desires of those working above them to the many thousands who actually deliver services to the public...," he warns of the consequences of unsuccessful efforts to change the culture.

"The concepts of the new culture cannot be superimposed on the old structure. If a genuine overhaul of system values does not occur, progress towards transformation will be short-lived and proposed changes will become part of the 'disbelief' system (a disbelief system defines what the holders of a set of beliefs should ignore or reject; we are concerned here with the deeply held bureaucratic belief that reforms generally fail and are indeed short-lived)." [28]

Indeed, there are indications that the values of innovation and risk-taking have already become part of the "disbelief' system among public servants. The Forum study states that,

"The general perception was that the current structure and culture of the federal government is not conducive to taking risks. While it is recognized that risk-taking is an individual activity, for those who seek to take risky, there must be some formal recognition that the organization will support them. Many executives who were consulted found that there was a great deal of talk regarding a new emphasis in the federal government to encourage more risk-taking among its employees. However, the reality remains that when mistakes are made, the individual is 'hoisted up the flagpole '." [29]

It may be that in the current government culture, heroic efforts will be required to counteract the effects of the disbelief system on the attitudes of executives and staff towards risk-taking.

Innovation: a leadership skill

Innovation is not just a value to be espoused; it is also a skill to be developed, through experience, and through education and training. For most public servants, until a few years ago, innovation was not a required skill. Barbara Wake Carroll argues that senior managers in government have not acquired the technical education and operational experience which is required to develop the capacity to innovate.

"Paralysis in the face of changes in the environment and an inability to develop new or innovative solutions to problems are symptomatic of organizations in which managers are out of touch with both their environment and their technology, or 'what it is the organization does'.. [30].

David Zussman and Jak Jabes make the same point in the context of surveys of managers in the Canadian public service:

"...there has been a tendency to reward those individuals who were particularly y adept at understanding the decision-making system, at the expense of the content experts and the managers. Based on the survey findings, it appears that there has been little attention paid to managerial skills ." [31]

If senior managers in the federal government do not possess the requisite skills in innovation, how are they to help their departments evolve in that direction?

Constraints: A Summary

These then are some of the major factors which are contributing to constraining innovation and risk-taking in the federal government. They could be said to be of two types. Some factors make it difficult for public servants who wish to be innovative to proceed along that path, examples include capacity issues, lack of training, and a proliferation of rules. Others factors tend to contribute to maintaining or returning to a risk-averse culture, such as the fear of being punished for mistakes and the lack of understanding on how to reconcile entrepreneurship with democratic responsibility. Obviously, some of these issues will be easier to approach than others, but both sides of the equation will have to be resolved if innovation and risk-taking are to be enhanced in a significant way in the federal government.

Further discussion is needed on the roles of various stakeholders in supporting enhanced innovation and risk-taking in government. For example, what further guidance could central agencies be providing to public service managers on how to reconcile innovative practices with the requirement for democratic responsibility? How could the studies and reports of the audit and comptrollership offices be used to communicate support for innovation and risk-taking? What efforts are being made to bring political and bureaucratic leaders to a better understanding of their specific responsibilities and accountabilities? What studies could be undertaken to determine how capacity issues are inhibiting innovation and what can be done in the short term to improve capacity? How could senior leaders in the bureaucracy better ensure that middle managers not only understand innovation and risk-taking, but also acquire the skills required to train and support their staff in becoming more innovative? What further training programs could be developed by the training bodies to support the development of risk-management skills? The answers to these questions are some of the issues which could be discussed at the proposed roundtable.

IV.   Possible Strategies to Greater innovation and Risk-Taking in Brief

This paper does not intend to develop in any major way the strategies that might be adopted by the federal government to enhance innovation and risk-taking. Rather, below are presented some of the suggestions found in the literature review, as fuel for thought for the upcoming roundtable discussion.

Patience and honesty
Let us begin by stating that in fact, things may not be as difficult as they seem. Part of the problem may be that expectations are too high. Although the demand for innovation in the Canadian public service is now almost a decade old, in fact, as Thomas has pointed out, this is a relatively short period of time to expect a cultural change in the opposite direction from old habits. Once the word had been launched that innovation was expected, everyone seemed to expect that innovative ideas would instantly start popping out of the woodwork - or in this case, out of the fertile minds of newly energized public servants. However, this is not realistic, as Thomas explains.

"... the message needs to be reinforced constantly that significant changes take time... Patience and persistence are often essential to change fundamental .features of organizations like their tasks, processes and cultures. When the change process is launched, expectations will tend to rise more quickly than actual improvements to performance are achieved and this pattern call lead to .frustration, discouragement and resistance. Dealing with the gap between expectations and results is the responsibility of leaders throughout the organization." [32]

That being said, there is a general feeling in the public service that innovation is difficult and dangerous. Thomas further advises us:

"To maintain support often requires organizations keep one foot in the present while simultaneously taking the initial steps towards a flew, often ill-defined .future. Ali honest acknowledgment of the uncertainty and risks of the change process is required for credibility

reasons. Many previous change efforts are seen by employees to have been costly, unproductive and demoralizing." [33]

Such a message was in fact included by the Clerk of the Privy Council in her Fifth Annual Report to the Prime Minister on the Public Service of Canada.

"With all the power and authority in the world, one cannot 'command and control' creativity and innovation. One cannot 'order' new results to emerge. A new approach to management is called for This approach requires a climate of trust, encourages collaboration and favours inclusiveness. It recognizes the importance of sharing power in exchange for having everyone gain a greater sense of collective responsibility." [34]

It would be perhaps worthwhile if senior leaders in government were to disseminate on a regular basis similar messages of encouragement in their communications with their departments.

Integrated risk management

Risk management as such is not a new concept in the private sector, but is relatively new in the public sector. In 1992, the Auditor General undertook a study of the impact of reform on control, and concluded that "risk management is a key element of reshaping the government's control and accountability framework. [35]

Since then, many public sector managers have moved ahead with initiatives.

In this context, we would like to add that one of the newest trends in management in the private sector which seems to offer great advantages to the public service is the concept of integrated risk management. It calls for the development of a framework that allows the organization to identify, anticipate and effectively respond to the multiple events that may affect its ability to fulfill strategies and achieve objectives. [36]

Several aspects of this concept add to its value.

1) The first is the idea that risk presents an opportunity for gain as well as for loss
2) Integrated risk management requires commitment from the top levels of the organization because it is made part of the governance structure. [37]
3) To be effective, it requires the input and involvement of the entire organization, and therefore allows for the development of common ground and understanding throughout the organization.
4) Integrated risk management includes the identification of a "champion" who has ongoing accountability for risk management but not full ownership of organizational risk. [38]
5) Finally, although the concept comes from the private sector, it is not a cookie-cutter approach, but must be developed by the organization wishing to apply the concept. It can therefore be adapted to the public sector context.

The government of Australia, for example, has adopted this approach as part of the government's initiatives for greater public sector accountability and has developed guidelines for managing risk in the public service. Their document states that

"The administrative framework established by recent APS [Australian Public Service reforms] [39] *has created all environment whereby managers and staff have the responsibility and flexibility to make decisions about how best to achieve outcomes. This has entailed a focus on performance and on taking opportunities for continuous improvement through innovation and trying new ideas.. Management of risk should be regarded as an integral part of the APS reform program."*

This modern approach to risk management offers advantages which might be considered for adaptation to the federal public service.

New ethical guidelines

A PUMA policy brief published in 1997 by the OECD shows that the need to evolve ethics management to guide public management reform is a concern in many countries. [40]

"The potential tensions between traditional notions of public administration (doing things by the book) and new forms of public management (seeking results through innovation and risk management) are starting to emerge... In spite of or perhaps because of the changes occurring in the public sector in OECD countries, good and ethical conduct is even more imperative. The success of public management reforms, and indeed overall confidence in government, will depend on it. This requires that all effective ethics infrastructure be firmly ill place." [40]

There is perhaps a need to revisit the excellent study done by the Deputy Minister Task Force on Values and Ethics to pursue discussions on the implications of its findings as it impacts on innovation and risk-taking in the public service.

Treasury Board Secretariat (TBS) comptrollership and human resources management

TBS has undertaken an initiative to strengthen comptrollership as key to improving government performance in the context of changing public management. The report of the Independent Review Panel on Modernization of Comptrollership in the Government of Canada recognizes the following two elements as "areas that increasingly demand managerial excellence", "matching more creative and client-driven decision making and business approaches with solid risk management and ethical values," and "creating an environment in which taking risks, with the resulting consequences, are handled within an appropriate framework of delegation, rewards and sanctions." [41]

It is hoped that the new approach in comptrollership will address and resolve some of the issues concerning accountability which hinder risk-taking and innovation.

Another initiative by TBS was the preparation of a "Framework for Good Human Resource Management in the Public Service", which contains several references to innovation and prudent risk-taking as one of the performance indicators for a well-performing organization. [42]

Building on this framework, it could be useful to further develop how these performance indicators are understood and should be applied as a means of fostering innovation.

Training for empowerment

We have already discussed education and training for leaders in skills for innovation. It should be added that empowerment, a basic criteria for innovation and risk-taking, also requires training

for both managers and staff. Kernaghan[43] gives us an example of B.C. Hydro which adopted a systematic training approach for managers that included providing them with a framework for understanding the concept of empowered work teams and preparatory sessions to understand the commitments required. The leaders of the work teams were also given training to enable them to make informed decisions, and the work teams themselves were trained in interpersonal communications, problem-solving and other aspects of team-based performance management. In Saskatchewan, the Public Service Commission created an organization change unit with a mission of "empowering employees through learning." This has helped foster a corporate culture of empowerment by providing specialized services in such areas as organizational development and change management.

Union support
Another interesting suggestion by Kernaghan is that although union involvement is not an explicit element of the theory of empowerment, common sense would suggest "union support for empowerment initiatives are likely to facilitate their acceptance among unionized employees. [44]

Unions have in fact caused innovative arrangements to be abandoned because they were not involved in developing them or putting them in place. Furthermore, union support for innovation as a basic employee skill could help to counteract the "disbelief" factor that has penetrated government culture.

Conclusion

Innovation and risk-taking are only two aspects of a major cultural change for the public service of Canada, influenced by the paradigm shift from bureaucratic functioning and control to a focus on quality, service and results. The challenge is enormous as the Clerk of the Privy Council has recognized.

"To respond to this challenge, the Public Service of Canada must become a borderless institution. This does not mean it has organizations without structure, without legislative frame works or without accountability Rather, it is all institution committed to reducing the barriers to the flow of ideas and information within and among public sector organizations. Some of the barriers are physical, others are built into our information systems bill most are cultural. The cultural barriers are the most difficult to overcome" [45]

There is no choice about accepting this challenge. Global competitiveness demands that the Canadian public service evolve, become more entrepreneurial and creative. Perhaps if some of the challenges and approaches discussed in this paper are taken up, the leaders of the public service will soon be able to claim, like the Royal Bank Financial Group which has undertaken its own revolution:

"Today, there's a huge amount of energy within the organizations. We've rejuvenated our enthusiasm, risk-taking and creativity Being hold is back. People know where we're going. They know they can affect our performance, and they're significantly rewarded for it." [46]

The ADM Working Group Report on Risk Management: http://www.pco-bcp.gc.ca/new_e.htm

Footnotes

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