Public Sector Innovation: Overview

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To some, "public sector innovation" is an oxymoron. However, the papers presented at the Workshop of Peer-Reviewed Papers on Public Sector Innovation on February 9-10, 2002 in Ottawa attest to the keen interest in Canada and internationally in stimulating innovation in public sector organizations. Far from being an oxymoron, the thirty-three papers presented over those two days demonstrated the existence of a global movement dedicated to improving performance and achieving better results on behalf of the public. The challenges of innovation in the public sector are legion of course, and in some instances are more daunting than those in the private sector. But the two days of intense discussion also showed that the appetite for innovation in the public sector is sharper than it has ever been.

It is impossible to do justice to all the papers presented at the workshop (interested readers may find full versions of all the papers at www.innovation.cc under Innovation Workshop 2002). Our more modest goal in this overview is to highlight major themes that emerged across papers and during discussion. Other observers of course might have highlighted different themes, but we hope that we have tapped into at least several that most participants would agree shimmered throughout the workshop. There were five key themes that emerged in the papers:

1. Leadership: It seems that innovation occurs, at least in the first instance, through the initiative of leaders within organizations who are committed to performance and improvement. One can of course create the conditions for innovation, and to a small extent even institutionalize it, but without the creative juices and energy of individuals – often ones who are prepared to break through the constraints of organizations – nothing fundamental happens.
2. Values: Innovation is by definition risky, and the counterpart of leadership is trust among peers and colleagues to move forward. As well, it seems to hinge – precisely because in the early stages of any innovation the outcomes are not ordained – on hope and optimism.
3. Public Engagement and Relevance: Innovation in the public sector is about doing things better for the public. Engaging citizens and achieving results that are relevant to them is the key benchmark of innovation. It answers the question "Innovation for what?"

4. Organizational Partnerships: Innovation is far from a solitary pursuit, or something rammed through by single-minded leaders. In the public sector it involves connection with a broad range of organizational partnerships.
5. Adaptation and Institutional Context: Innovation must be sustainable, and so it has to become embedded in institutions.

We explore each of these themes below, with illustrations from several papers presented at the workshop, and then conclude with some reflections on future avenues for both research and practice.

Leadership

While many papers touched in varying ways on the importance of leadership in innovation, Sandford Borins addressed it directly in his. [1] He begins his paper with the distinction between bottom-up and top-down innovation. The first type of innovation is more characteristic of the private sector, where middle-level managers often are responsible for significant innovations bubbling up from below. The mythology holds that because of more rigid and hierarchical organizational structures in the public sector, innovation there tends to be top-down. In fact, Borins adduces evidence to show that at least 50 percent of innovations in the public sector originate with middle management. However, in order to be successful – and indeed to occur at all – this sort of innovation in the public sector needs to be supported by senior management and politicians. There are instances of course (about 25 percent) where innovation comes from the top, and Borins argues that there are three ideal types of top-down innovation: (1) politicians: responding to crisis, (2) agency heads: taking over an organization, (3) middle management and front line: responding to internal and operational problems. Again, Borins highlights the importance of the relationship between politicians and the public service – where that relationship is built on trust, there will be an openness to innovation and an environment that encourages it to flower.

Several papers at the Workshop offered case studies of innovation that underscored the importance of leadership. Bain, Darsi and Stothers, [2] for example, argue that senior management leadership was critical to the success of Ontario's Quality Service Strategy. Support for the initiative came from the Secretary of the Cabinet, and perhaps even more importantly, deputy ministers were held accountable for results through their performance contracts. In a complementary paper, Covelli and Cece argue that the success of inculcating a culture of innovation in the Ontario government is in large part due to "executive leadership from the Secretary of Cabinet in articulating a vision and setting clear direction for change. This change agenda was steered by the Restructuring Secretariat and supported by the senior management cadre. [3] These cases, as well as several others that were explored in the workshop, highlight leadership but also suggest that there are substantial barriers to achieving it in public bureaucratic organizations. Teofilovic's paper went furthest in arguing that the very nature of bureaucracy impedes innovation, and that governments must adopt wide-ranging horizontal strategies to ensure that these impediments are minimized. [4]

As we note below, innovation in government inevitably takes place in organizational contexts. Thus, the importance of leadership needs to be viewed along several dimensions. The first is perhaps the most obvious – the importance of individual leaders (political or otherwise) in actually generating innovative ideas, selling them within and outside the organization, and carrying them

through. To use Bernier and Hafsi's phrase, this is leadership as a species of "entrepreneurship héroique". [5] A second dimension is that of leadership as nurturing the organizational culture and context within which innovation at other levels can occur. A third that emerged from the papers and discussion was the idea of leadership as bearing the burden of the change and acting as a focal point for the anxieties that are often generated through the change and innovation process.

Values

Technically, any new idea can be thought of as an innovation, yet innovation itself has a positive connotation. Innovation is not neutral – it is geared to improvements of a positive nature. We touch in more detail on the ultimate ends of innovation below, but in this section we wish to emphasize the degree to which a significant number of papers argued that innovation needs to be grounded in certain attitudes, or what one might term an emotive/value stance. This should not be surprising, once we consider the dynamics of innovation in the public sector. Innovation entails change, change entails risk, and risk entails resistance and anxiety. In the face of these dynamics, it is not surprising sometimes that innovators succumb to what Glor identified as a "pro-innovation bias" of "just doing it". [6] On the other hand, the very obstacles to innovation require that innovators have the fortitude, the commitment, and the optimism to move forward. The quality of leadership we discussed above to a large extend depends on this as well – people in organizations orient themselves in terms of the commitment and vision of their leaders.

Jeanne-Marie Col, for example, explores innovation in the challenging circumstances of post-conflict situations (her cases include Cambodia in 1994, Liberia in 1997, and Sierra Leone in 2001). She points out that these cases – both in terms of their similarities and their contrast – "provide a perspective on the role of motivating widespread optimism in moving from conflict to peace, stability and development." [7] Though leadership is obviously important in post-conflict situations, the very process of re-building requires what she terms "large-scale processes" that involve broad participation from the citizenry. In these instances, innovation around virtually re-building entire societies requires a sense that the future holds promise. In other words, innovation depends on optimism: "a larger degree of participation leads to a higher level of optimism about the future."

A similar emphasis on hope came through the paper by Leech and Lickers. [8] They are engaged in developing new, innovative health indicators for Aboriginal communities that move beyond the preoccupation with the negative benchmarks. As they said at the workshop, "What is not described, or analyzed in these reports is the joy and integrity present in these communities." Their model is grounded in Aboriginal concepts of nature and society, and is based "on the organized knowledge and valid requirements of aboriginal communities." The shift of what they call "life indicators" from "disease indicators" is not purely a methodological issue, but is connected to trying to ensure that communities see themselves in a richer light – a light that brings out what is good about the communities, and how what is good affects the community and the full spectrum of its well being. In their oral presentation, Leech and Lickers emphasized the importance of hope – if communities lack a sense of their own integrity as communities, even while being realistic about their problems, they can have little orientation to future improvements that stay true to who and what they are.

Three other papers addressed the importance of values directly. In trying to uncover some ethical principles or guidelines for innovation, Ian Greene explored parallels between innovation and scientific research. [9] Greene's benchmark is the Tri-Council Statement on Ethics, and he argues that the following principles can be extracted to serve as guidelines for innovators: respect for human dignity, respect for full disclosure of goals and agenda, respect for vulnerable persons, respect for privacy and confidentiality, respect for justice and inclusiveness, the balancing of harms and benefits, and minimizing harm. Johnson takes a different approach, but with similar conclusions about the importance of embedding ethical principles into the practice of innovation and in public policy: "The basic ethical assumption of this paper is the public sector innovations based on values of business ought to be coupled with legislative or regulatory assurances that values of distributive justice will be upheld in the delivery of public services." [10] Saxena's case study of electrical sector reforms in India echoes Johnson's plea – the privatization of power in India has proceeded with little public input, a good deal of exploitation, as well as feather-bedding by senior officials.[11]

It is clear from these contributions that innovation cannot simply be about change, and certainly not about change for its own sake. We must always ask "innovation for what?" The papers at the workshop demonstrated several different normative or ethical dimensions to innovation. The first is what we termed a positive emotive/value posture. In the face of risk, of course, innovators need to be prudent as well as realistic. But the risks the innovator faces often are themselves embedded in organizational constraints, and the risk factor often boils down to making changes in those organizations. Prudence then must be tempered by playfulness, by a willingness to see things differently and move forward and beyond existing constraints. Innovators need to generate hope as well as ideas. An interesting example of this came from Kjolby's [12] study of the transformation of the Ministry of Trade and Industry in Denmark. One of the major reasons for the transformation was to make the Ministry an attractive working environment in order to be able to hire the best and the brightest. The inspiring working environment was as much the product as were the programs of the Ministry. The second dimension is that of process – how innovation takes place is almost as important as the innovation itself. Innovations achieved by dubious means – such as those that might violate Greene's guidelines – ultimately turn to ashes. The final dimension is the substantive value content of the innovation and the policies/programs it entails. We turn to this in the next section.

Public Engagement and Relevance

The substantive moral or ethical content of innovation in the public sector is inescapable for the simple reason that the public sector is motivated by the public interest. In the private sector, innovation can and is usually harnessed to the bottom line – what counts as innovative is whatever can contribute to increased profits. This is perfectly appropriate, though corporations increasingly are turning their attention to issues of corporate social responsibility that go well beyond the profit principle. In the public sector, the key benchmark, despite the difficulties in defining and measuring it, is the public interest. Not surprisingly, many papers touched in one way or another on the importance of public participation, engagement, and relevance for the public. And somewhat differently, Milne [13] insisted upon the importance of the design skills in innovation, as bringing creativity to the process.

We have already noted that Col highlights large-scale processes in post-conflict situations. The key feature of these large-scale processes is the engagement and participation of citizens. The extreme features of post-conflict situations actually lay bare the reasons why engagement is so important for innovation. If innovation in the public sector is about addressing public needs and the public interest, but if at the same time it is difficult to determine abstractly what those public needs and interests are, the only way to get a clear answer is to bring the "objects" of innovation into the process. In post-conflict situations, public support and healing around some consensual future is at the core of the project.

Longford's paper looks at ethics and innovation around e-government. [14] His central argument is the "history of the development of e-government in Canada presented here reveals an overwhelming focus on using IT for the purposes of administrative rationalization and the reform of service delivery. Measured against more expansive visions of e-government, the federal government's foray in "wiring" itself and its citizens has been relatively conservative, falling well short of anything like "digital democracy"." Longford's point is an important one, since IT policy is often presumed to be innovative by definition, and to drive innovations elsewhere. Longford argues that there indeed have been innovations, but that those innovations fall short of more robust standards of democratic practice. Innovation that simply improves administration is not innovation that is harnessed to the ultimate needs of the political community of citizens. Warah makes a similar point in her analysis of leadership and power in innovation. [15] In examining new leadership models, Warah argues that "the key value conveyed by these models is respect for others and the basic method of interaction is exchange." This is a model of democratic leadership that engages others rather than imposing on them. Doughty echoes this notion of the ethical dimension of innovation when he suggests that we need to ultimately measure innovation against the prime objective of public policy: human emancipation. [16]

Many of the papers at the Workshop described case studies of administrative innovation that improved processes in either small or large ways. Freedman's [17] paper is on government laboratories as innovating through developing capacity across a broad range of different activities whereas Kirtzinger [18] describes the process of implementing an evidence-based decision making system. Just as telling, however, was the almost universal emphasis in all these papers on improvement at some level in the public good. This can be defined in a variety of ways, from better services, to cost-savings, to enhanced performance. It is a useful reminder that innovators should, from time to time, raise their eyes to intermediate objectives – innovation for what? – but also to ultimate ends such as democracy, emancipation, and justice. Normally it will be difficult to articulate precisely what these concepts mean in a given context, but innovation should develop an instinct for self-reflection on ultimate ends – this will be the prime seedbed for a critical perspective on both the theory and practice of innovation.

One of the principal themes on which this critical perspective began to focus during the workshop was that of the digital divide. Will innovation increase the digital divide by increasing the information and the resources available to the active, the educated and/or the wealthy? Or, conversely, can processes of innovation decrease the digital divide by spreading resources more equally across the society. This theme emerged in discussions throughout the workshop, with most, but not all, presenters implicitly, and sometimes explicitly, seeing innovation as having the potential to reduce the digital divide. Much of this discussion was speculative, looking at future results in terms of current trends.

There were also presentations of examples where the objective of the innovation was to increase the capacity of evaluating the extent to which social service users were being empowered by their experience with services for disabled children [19] and with community care [20]. These presentations focussed clearly on the public and on the potential for empowering the public through techniques of evaluation of services.

Both Bengtsson and Dowling described innovation processes of evaluation, combining processes and tools of evaluation in ways that allowed the expertise of the users of the services to be integrated fully into the process of evaluation. Both presentations were clear about the importance of listening to and observing, the users of social services so as to think in term of processes of empowerment.

Organizational Partnerships

To this point we have discussed leadership, values, and engagement/relevance. We have also emphasized the idea of innovation as breakthrough, as a process that comes up with the new by way of revising, changing, and challenging the old. It is equally important, however, to understand that innovation is not entirely an expression of some primal and individual id, but in practice – certainly in the public sector – is about developing organizational partnerships. Again, once we reflect on what innovation in the public sector entails, it is easier to see why this is important. First, the public sector is a sector of multiple, overlapping, and loosely coupled organizations. The largest corporations (one thinks of General Electric) approximate this model, but the private sector is marked more by inter-organizational (firms) competition than it is by coordination of cooperative institutions. The implication is that innovation will of necessity touch on several organizations and typically will require their support. Second, innovation in the public sector is often about organizational redesign, and once gain the support of existing organizations that might be affected by this change is important. Finally, in practice innovation in the public sector is about improved service quality, and this depends in large part on improving coordination of organizations that produce complementary services to the public.

One such example was the federal-provincial partnership developed in Nova Scotia bringing together business registry services and payment systems [21] This partnership brought together the Workers' Compensation Board of Nova Scotia (WCB), the Canada Customs and Revenue Agency (CCRA) and Service Nova Scotia and Municipal Relations (SNSMR). The program has been successful, in part because all the partners were willing to examine their practices and make changes. There were key lessons learned - including the importance of leadership commitment and of keeping expectations and communications aligned, both formal and informal communications.

Another example of organizational partnerships came from the education sector and the innovative experience of the Vista School District Digital Internet [22], a project designed to permit rural schools to remain viable through the sharing of resources and the enhanced ability to use information and communication technologies to provide students with the kinds of skills appropriate for the knowledge - based society of the post-industrial era. This makes for partnerships between schools and between teachers.

Adaptation and Institutional Context

Questions of institutional context emerged in several presentations. Teofilovic [23] and Hall [24] looked at the federal public service and its receptivity to innovation. Hall examines the concept of organizational culture and concludes that, despite certain aspects of the federal public service that might appear un-innovative, it is possible to devise strategies by which the public service will support innovation. This requires understanding the institutional context and working through it. Teofilovic also thinks innovation is possible, but that it will require a special federal initiative focussing on partnerships, empowerment and leadership. Again, adaptation is possible but it must take into account the institutional context.

This is also the conclusion of Harrisson's [25] study on innovation within the Quebec government. Progress is slow and this relates to the characteristics of the institutional context, in part a combination of centralized objectives and decentralized operations. In the case of Ross and Kleingeld [26] the study compares public and private sector organizations in terms of their innovation strategies and finds, contrary to popular opinions, that the two sectors had fairly similar factors that enabled innovation.

The workshop's reflections on adaptation and institutional context were enriched by looking at different institutional contexts which gave new perspectives on questions of adaptation. Nakayama [27] compared Japanese and American research organizations to see how they attempted to promote technology transfer without reducing the motivation of researchers. Recent changes in Japanese organizations have increased interest in technology transfers but these changes all take place within a specific cultural context. Similarly, Banerjee [28] takes the specific cultural context into account in examining the incentives to innovation in development governance in India. Miles and Thangaraj [29] compare Canadian and Chinese Public Sector environments in order to understand how innovation gets implemented. The North America context has given rise to categorizations of meta-approaches to the implementation of change; rational-empirical, normative-reeducative and power-coercitive. The Chinese context calls for the addition of another category, relationships as a key change strategy. This comparative vision allows us to reflect back on our own context and to consider the importance of relationships as a base for change.

Finally the analysis by Tiihonen [30] of the role of the standing Committee for the Future of the Parliament of Finland raises fascinating questions about what is a learning society and how societies can prepare for the knowledge-based society of the 21st Century. How is it that the Finnish Parliament set up a Committee for the Future and that this Committee has been working actively on questions of knowledge management, of tacit knowledge and of innovative structures of governance? How does this kind of capacity for adaptation develop?

It is impossible to draw a neat conclusion to the themes raised during the workshop and the impossibility is an indication of the workshop's success. There were too many important points raised, too many insightful examples given, too much good discussion for there to be a neat and tidy classification that summarizes the entire workshop. We have chosen here to highlight a number of the major themes but we also want to underline the hugely exciting variety in the subjects presented, the examples given, the questions raised. We can only hope that these introductory remarks will both remind the participants of the excitement of the workshop and inspire readers to read the papers.

[20] An empowering Approach to Measuring Quality in Social Care Services in England by Monica Dowling, Royal Holloway, University of London.
[21] Federal Provincial Business Registry Services and Payment System: Offering Electronic Inter-jurisdictional Services based on Business Needs by Stuwart MacLean, Workers' Compensation Board of Nova Scotia
[22] Restructuring Schools Using Learning Technologies - Four Challenges for the Teaching Profession, by Ken Stevens and David Dibbon, Centre for Telelearning and Rural Education, Faculty of Education, Memorial University of Newfoundland.
[23] The Reality of Innovation in Government by Nada Teofilovic, Human Resources Development Canada
[24] You've Got to Conform to Create: The Implications of Corporate Culture on Innovation in the Canadian Federal Public Service by Donald Hall, Managing Partner, The Tweedsmuir Group
[25] Innovations et fonction publique: des efforts louables; un arrimage difficile, by Denis Harrisson, Département de relations industrielles, Université du Québec à Hull
[26] A Topographical Map of the Innovation Landscape, by VE Ross and AW Kleingeld, Center for Process Engineering, University of Stellenbosch, South Africa
[27] Patent Ownership and Rewards for Inventions in Japanese Public Organizations, by Ichiro Nakayama, Department of Intellectual Property, University of Tokyo
[28] Incertives to Innovation in Development Governance: Some Aspects of Information System Designing, by Parthasarathi Banerjee, National Institute of Science, New Delhi
[29] Classic Theories - Contemporary Applications: a comparative study of the implementation of innovation in Canadian and Chinese public sector environment by Micheal Miles School of Management, University of Ottawa and Arun Thangaraj, Graduate Student, MBA Program, University of Ottawa.
[30] Can Parliaments Take Part in the Innovation Process? By Paula Tiihonen, Committee Counsellor, Committee for the Future in the Finnish Parliament.