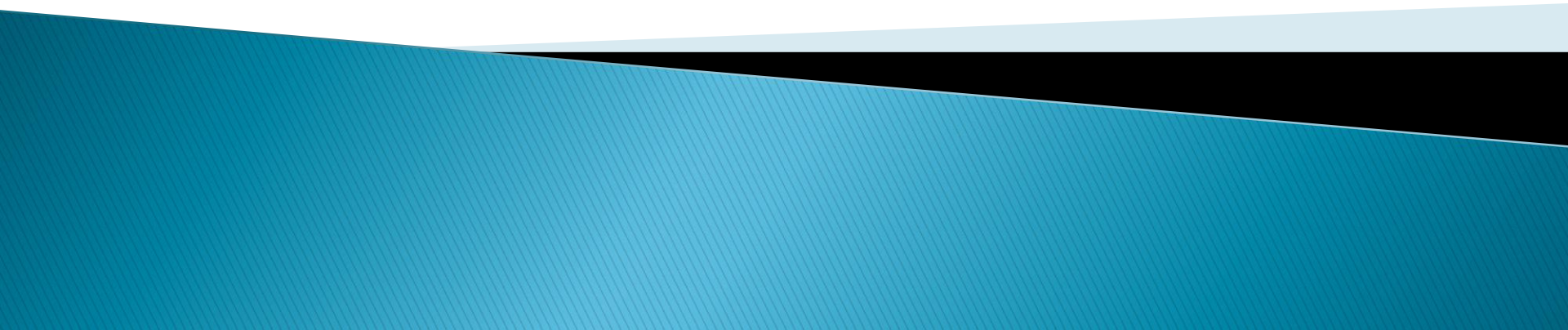



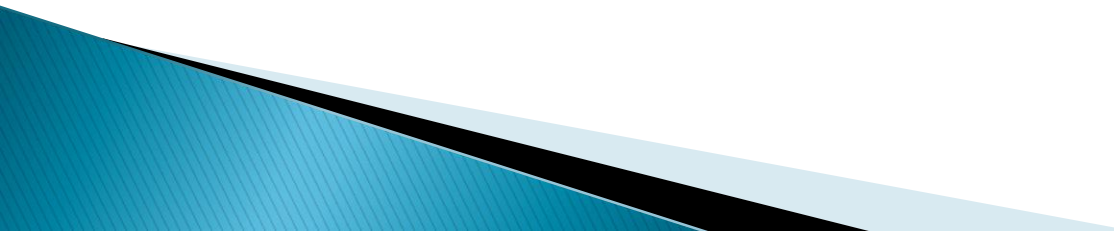
INNOVATION AND THE PERCEPTION OF RISK IN THE PUBLIC SECTOR



Innovation – the concept

- ▶ Product – new technologies (private sector);
- ▶ Delivery of public services (public sector);
- ▶ Change in general – too broad;
- ▶ No clear definition of innovation – it needs to be contextualized;
- ▶ Implementation – top-down  where does innovation actually take place.

Impediments to innovation – Risk aversion

- ▶ Losses are perceived more strongly than gains;
 - ▶ Prestige and reputation are affected – no one wants to “rock the boat”;
 - ▶ Pre-tested recipes are preferred – the process is already familiar.
- 

NPM critique

▶ NPM:

- Efficiency criteria as key in evaluating processes and policies;
- Use as little as possible in terms of resources ➡ results
- Efficiency overtakes creativity;


▶ Critique:

- Focus on procedures, not on outcomes;
- No flexibility/ maneuverability in terms of the budget;
- No room to experiment – no room to find alternatives

Incentives to innovate

- ▶ Possible gains (awards, recognition) – outweighed by potential losses;
 - ▶ Fear of system failure:
 - “Contracting out”
 - Bureaucracies want to survive
- ➡ They are pushed to innovate

Recommendations

- ▶ Empowerment of individuals and lower levels to come up with new ideas
 - ▶ Narratives that suggest that the organisation values innovation
 - ▶ Innovation – actor driven, not process driven;
 - ▶ Collaboration instead of competition – knowledge transfer.
- 

Thank you for your enormous patience!

Vielen Dank fuer eure Geduld!

Merci pour votre patience

Bedankt voor uw Geduld!

Mulțumim pentru răbdarea nemăsurată!

Дякуємо за терпіння!

Köszönjük az óriási figyelmet!

Muchas gracias por vuestra paciencia!

Hvala na pozornosti!

Ви благодарам за вниманието!



Group B:
**Impact of information communication
technology (ICT) on public administration**

Outline

1. Introduction
2. Networking instead of hierarchy
3. Pros and Cons
4. Application

1. Introduction

- Dominant since 1990s
- Consequence of ICT
- rapid strides
- Reinvention of government, serve the needs of a diverse society
- Changes the way the government performs
- Helps reduce operation costs
- Increasing the efficiency of government services
- Increasing government transparency and accountability

1. Introduction

- ICT used in:
 - Education
 - Health care
 - Medical administration
- Teaching people in rural areas how to use it

2. Networking instead of hierarchy

Cooperation among different administration levels and among administration and public opinion

3. Pros and Cons

- **Pros:**

- improvement of public sectors services

- **Cons:**

- vagueness of the proposed working process

→ „wicked problem“

4. Application

1. Specialized „life-long“ learning principle
2. Cooperation within a sectoral related organisations and even between sectors
3. Cutting costs of public services



Thank you for your attention!

Introduction

- Overview of innovation and its contribution to improvement
 - innovation, catalysts, relationship between improvement and innovation, processes, barriers, facilitators, transfer of knowledge

???

- Something disruptive + perception of a proportion of key stakeholders = innovation

Position

Product

Strategic

Service

INNOVATION

Governance

Process

Rhetorical

Catalysts

- Policy driven
- Organisation driven
- Professional driven
- User-provided

Features

- External and internal context
- Leadership, entrepreneurs
- Structures and cultures
- Evaluation
- feedback

Is benchmarking and sharing good practices enough?

- Adaption, not adoption of good practices!
- Features of:
 - Originating organisation
 - Knowledge exchange
 - Recipient organisation
- Policy context also important!

INNOVATION IN THE PUBLIC SECTOR

by Geoff Mulgan and David Albury
and Team D :)

Structure

- Definition and scope
- Why is innovation important in the public sector?
- Reasons why to innovate
- Fostering innovation?
 - Generating possibilities
 - Incubating, prototyping and managing risks
 - Replication and scaling up
 - Analysis - metrics for success
- Necessary conditions for innovation
- Barriers to innovation
- Systemic changes to foster innovation
- Some prompting questions

Definition and scope

- “Successful innovation is the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes efficiency, effectiveness or quality”
 - => can originate at different levels
 - Top-down vs. Bottom-up app.
 - Types:
 - Incremental
 - Radical
 - Systematic/ Transformative
-

Why is innovation important in the public sector?

- Effective government and public services depend on **successful innovation** – to develop better ways of meeting needs, solving problems, and using resources and technologies
 - Innovation seen as an **optional luxury** or an **added burden**
=> It should be seen as a **core activity**
-

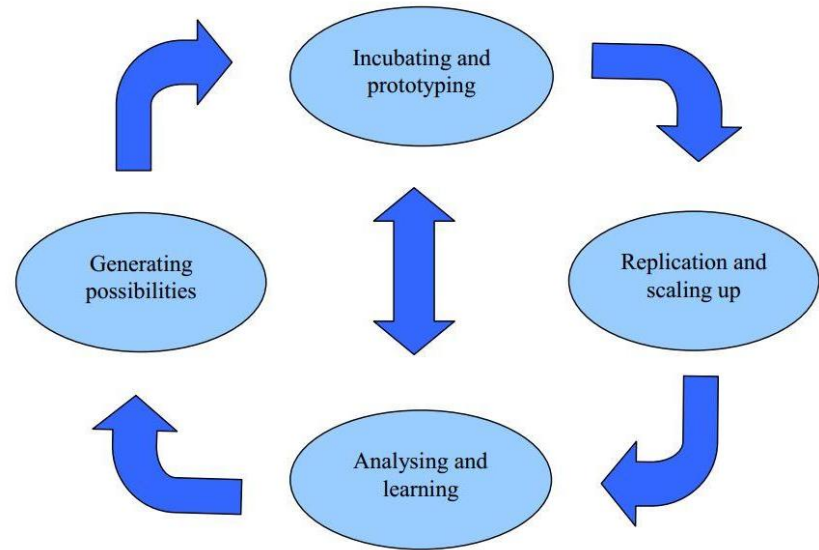
Reasons why to innovate

- Increase the responsiveness of services to local and individual needs
 - Keep up with public needs and expectations
 - Contain cost pressures, and increase the efficiency of public services
 - Improve outcomes
-

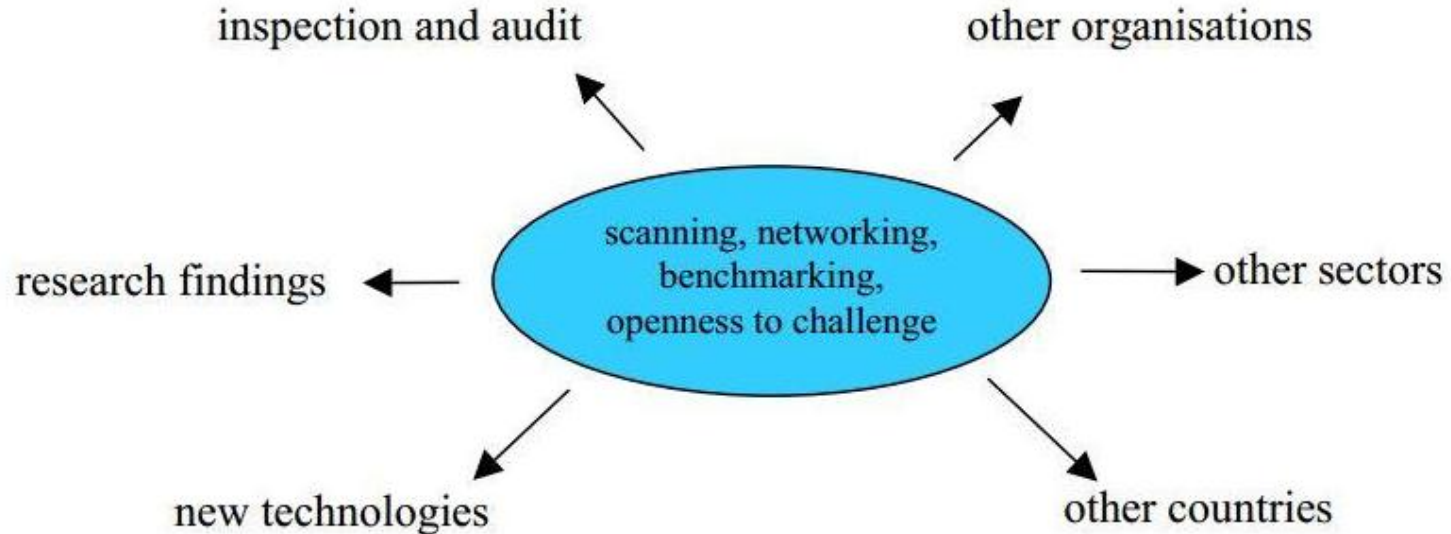
Fostering innovation

Four main stages:

- Generating possibilities
- Incubating and prototyping
- Replication and scaling up
- Analysing and learning



Fostering innovation - Generating possibilities



Some of the different areas scanning might focus upon

Fostering innovation - Incubating, prototyping and managing risks

- Need of “selection rules” for deciding which ideas merit further exploration and support
 - Radical innovation → higher level of risk, greater possible benefits
 - Requirement of high quality risk management and safe spaces
-

Fostering innovation - Replication and scaling up

Two factors need to be taken into account

Hawthorne effects

changes which result from the fact that the organisation has been the subject of focus or attention

Curve effects

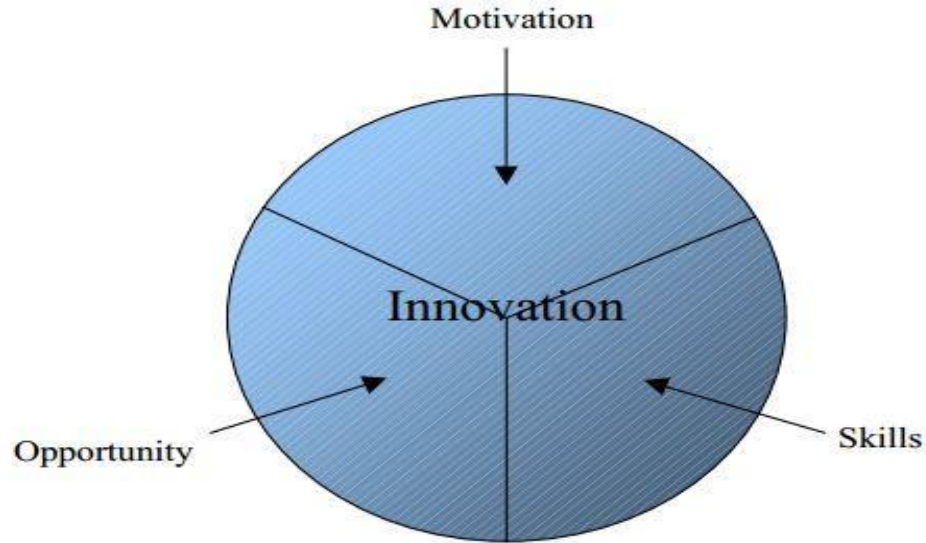
changes in organisational behaviour resulting from learning during the process of developing the innovation

Fostering innovation - Analysis - metrics for success

What to measure?

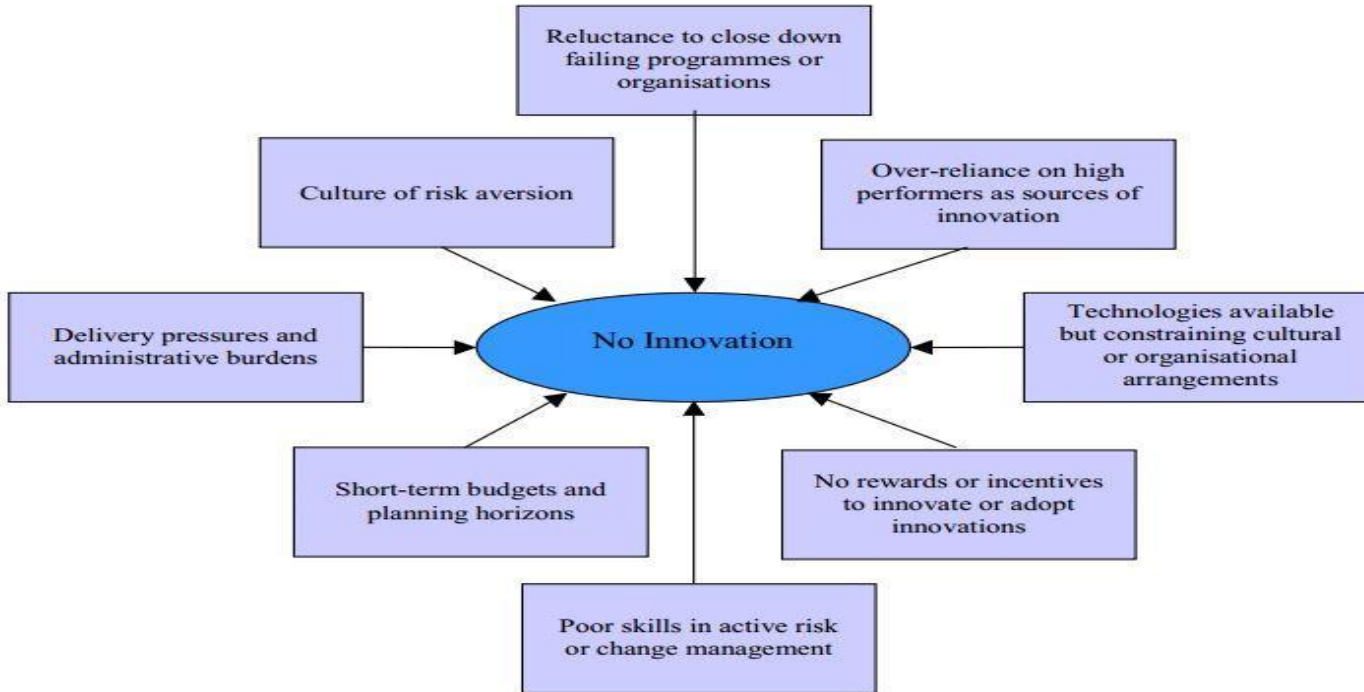
- improvements in relevant **outcomes**
 - service **responsiveness to needs** of individuals and localities
 - **reductions in costs** for given set of outputs or **increases in productivity**
 - measures of assessment based on **the creation of “public value”** and **expenditure**
-

Necessary conditions for innovation



There are three necessary conditions for innovation to flourish

Barriers to innovation



there are many potential barriers to innovation

Systemic changes to foster innovation

Government should:

- 1) Create **environnement and conditions** for innovation including encouraging the lateral diffusion of succesful innovation.
 - 2) **Reduce** the number of imposed targets, planning and monitoring,
 - 3) Align funding streams with improvement in performance and outcomes to create a **visible return on investment** in innovation
 - 4) **Replace a central pyramid structure** by a small number of competing intermediaires: Creating a culture of well-judged risk taking and experimentation
-

Some prompting questions

1. What is the research and development budget? What financial resources are focused on investment in innovation?
 2. Who monitors and assesses promising innovations? How are they supported, incubated and developed?
 3. What is being done to encourage well-considered and informed risktaking and rule-breaking?
 4. If a new or junior member of staff has an innovative idea how does it get spotted, supported and developed?
 5. Who is systematically scanning overseas practice? How is the information made available to all relevant people?
 6. Are controlled experiments being used to tackle difficult problems?
 7. Are there incentives, rewards and support for individuals, units and delivery organisations to adapt and adopt useful innovations?
-

Collaborative Innovation in the Public Sector

Eva Sørensen & Jacob Torfing

By **Group E**

INNOVATION!!!



Definition

“**Innovation** is a dynamic process through which problems and challenges are defined, new and creative ideas are developed, and new solutions are selected and implemented.”

Public Policy Approaches

- **Old Public Administration (OPA)**
- **New Public Management (NPM)**
- **New Public Governance (NPG)**

Sources of innovation in the public sector

supply factors:

- digital technologies**
- scientific breakthroughs**

demand factors:

- elected politicians, policy experts, public managers, and citizen groups**

However... these are not enough

Innovation requires:

- **activation of innovation entrepreneurs**
- **public managers or private contractors**
- **innovative capacities and efforts of the public employees**

Collaborative Approach - Prons

The Collaborative interaction facilitates:

- **trust-based circulation and cross-fertilization of new and creative ideas**
- **broad assessment of the potential risks and benefits of new and bold solutions**
- **resource exchange, coordination and the formation of joint ownership**

Who???

- **Schumpeter**
- **Weber**
- **Downs**
- **Bommert**

Why is it useful?

- **Innovation is important in the public sector**
- **How to achieve a framework that encourages innovation in the public sector**

What is missing - in the paper?

- **Unclear methodology**
- **Little evidence**

Shortcomings in the approach

- **Competing interests**
- **Potential favoritism**
- **Leadership**

How to apply???

However... these are not enough

Innovation requires:

- **activation of innovation entrepreneurs**
- **public managers or private contractors**
- **innovative capacities and efforts of the public employees**



**KEEP
CALM
WITH
PUBLIC
ADMINISTRATION**

Thank you for your attention!!!





VOLUNTARY ORGANIZATIONS AND INNOVATION IN PUBLIC SERVICES

Stephen P. Osborne
Routledge, 1998, USA
pp. 20-41

TEAM # 6

Lara Querton

Daniel Schummacher

Introduction

- The general topic of innovation has inspired vast amounts of research, theorizing, speculation, and wishful thinking.
- The early studies were economic ones focusing on macro-economics and carried out by Adam Smith (1910), Marshall (1966) and Marx (1974).
- The last 50 years saw an emphasis upon micro-economic implications; widening of its study to include sociological, political and psychological perspectives.

I. What is “Innovation”?

A Couple of Possible Definitions

„An innovation is an idea, practice, or object perceived as new by an individual. It matters little... whether or not an idea is ‘objectively’ new as measured by the lapse of time since its first use or discovery...If an idea seems new to the individual, it is an innovation.“

„consists of *the generation of a new idea* and its implementation into a new product, process, or service...Innovation is never a one-time phenomenon, but a long and cumulative process of a great number of organizational decision making processes, ranging from *the phase of generation of a new idea* to its implementation phase, [my emphases]“



II. Innovation vs. Invention vs. Development

- Innovation is both a process and an outcome
- Innovation must involve change or discontinuity

III. Changing the Game

With innovation (...) there is change in its paradigm
→ innovation changes the prevailing paradigm

IV. Classifying Innovation Typologies (I)

A = Origins/ Sources:

1. research push – innovation origins in research;
 2. market pull – innovation origins from marketing analysis;
- ! innovation origins from both sides.

B = Resources:

1. distressed innovation (unsuccessful organisation);
 2. slack innovation (highly successful organisation).
- ! it focuses on attention upon the resource issues involved in innovation and relates them to their organisational context !

IV. Classifying Innovation Typologies (II)

C = Perceptions of the Beneficiaries or Users:

(qui bono?):

1. user-orientated innovations;
 2. Manufacture – innovations.
- ! not so formally developed !

D = Outcome:

1. new product or service;
 2. new process for producing existing products and services.
- 5 Types of innovations



V. Types of Innovation

1. product
2. process
3. organizational
4. personnel
5. policy

VI. Radical or Gradual Innovation?

Radical innovation = true discontinuity with the past
→ product innovation

Incremental innovation = providing continuity with the past
→ process innovation



VII. The Process of Innovation

1. Invention
2. Implementation
3. Diffusion

VIII. A Theory of Innovation

- Innovation is about the introduction and adoption of new ideas which produce a change in the existing relationships between an organization and its internal and external environments
- Any typology of innovation needs to take account of its impact on both these environments
- The process of innovation involves an optional stage (invention) and two compulsory ones (implementation and diffusion/evaluation)
- It is essential to emphasize the issue of discontinuity in discussing innovation, and in differentiating it from other, more incremental, forms of organizational change
- The management of the changes inherent in innovation involves both rational and political components. The precise balance between these needs to be analysed for any particular innovation.



IX. The Attributes of Innovators

Three groups of studies:

- I. Organizational structure
- II. The internal organizational culture
- III. The external organizational environment

X. Organizational Structure:

What Formally Constitutes an Organization

Work on the relationship between organization structure and innovation:

→ Earlier static model replaced by a more contingent one:

“Organizational structure is a significant predictor of innovative capacity, but innovation may well require different organizational structures at different stages of the process. A specific organization will need to be able to cycle between different modes of structure, dependent upon its needs in relation to innovation”.

XI. The Internal Organization Culture

A. Size of an Organization

The decision on the relationship of size to innovation is one still to be proven: there is no one clear conclusion relating it to innovation as a whole.

B. Nature of Organizational Leadership

The implementation of innovation can require a *hands-on* and directive managerial approach at a senior level, if innovative ideas are to be turned into reality.

Innovation as tool of entrepreneurs: requires a willingness to see change as opportunity instead of as threat.

XII. The External Organization Environment (I)

I. ECONOMIC ROOTS: The argument is most concisely summarized by Nelson:

Firms innovate in order to gain competitive advantage over their rivals or to catch up with them. A firm that successfully innovates can profit handsomely.

II. NETWORK PERSPECTIVE: innovation is seen to arise not out of the competition between organizations, but from their interaction.


Many companies developed structures that are smaller, decentralized, and based on strategies of cooperation and horizontal relationships.

XII. The External Organizational Environment (II)

III. MANAGERIAL REACTION: organizations have a choice in the way in which they relate to their external environment

Managerial gestalts (Miles and Snow):

- *The defender*
- *The prospector*
- *The analyzer*
- *The reactor*



‘Innovation is often viewed as a good thing because the new idea must be useful – profitable, constructive, or solve a problem. New ideas that are not perceived as useful are not normally called innovations: they are usually called mistakes’

Van de Ven



Thank you for your attention!

TEAM #6