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UNIVERSITÀ DEGLI STUDI DI
MODENA E REGGIO EMILIA

Role of governments in innovation

Summer School «InnPubServ»
Modena, 1-8 September, 2019

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Agenda

- Background: why to innovate public services
 - Public services revisited
 - Public service delivery system. Some rules
 - Internal and external conditions for the diffusion of innovations
 - Focus on some key issues (transferability & some roles)
- Always trying to concentrate our discussion on public services

Background

- **Changes** in the socio-economic environment, **complexity** of this background after the global financial crisis, **instability** in the economic systems, some war conflict, terrorism effect, migration, pollution and – in some cases –to natural emergencies.
- To those factors and complexity also contribute :
 - a. a progressive **reduction of resources** available, especially at local level,
 - b. an increasing request of a **higher level of intervention** and **adaptation of the contents of public services** to the new requirements and *needs* of citizens and socio-economic stakeholders.
- In addition, **sustainability**, **resilience** and **innovation** as key words and leitmotif both in literature and for public managers and policy-makers
- New emphasis on **transparency** and **accountability** of results.

Austerity times

- Global economic recession opened a search for austerity in public financial management. In fact, *a request of financial rationalization and fiscal stability is pending from international institutions.*
- Financial stability, i.e. the balance of public budgets, has become a sort of rhetoric leitmotif and an absolute necessity for governments around the world.
 - The main instruments applied in order to enhance austerity are for instance: cutbacks based on a 'cheese-slicing' approach, budgetary and fiscal rules homogeneous for the Public entities, macro-economic targets for national governments like the ratio among deficit and national GDP or among debt amount and national GDP required by the EU Growth and Stability Pact, or a standardization of management decisions.
- In the austerity era transparency and accountability are becoming even more important than in the past.

... and new challenges to local/decentralized governments (DGs)

- While on the other hand, the critical economic and social conditions are also increasing the amount of public services necessary for recovery.
- DGs generally are the government layer closer to citizens and, after the decentralizing reforms of the last decades, they are endowed with the responsibility of satisfy many local needs, also through investments.
- DGs are often required : to reduce debt and deficit, to save money and resources, but also to continue offering effective and efficient services to their citizens and local stakeholders at the same time.
- Relevance of inter-governmental (financial) relationships.
- Decentralised responsibilities vs centralised (national or EU) controls and constraints.

The demand of innovation

Necessity to change and innovate public sector and especially public services because of several factors:

- Crisis, financial pressure, austerity .
- Societal changes, specific requirements from society and economic stakeholders.
- Need of accountability, low satisfaction of citizens.
- (natural) emergencies
- Reforms, policies, external regulation.
-

WHAT ELSE?

Please notice that some crises are intentionally caused, so to promote a radical change

Public services

- *Services are provided for free or not. Prices/fees*
- They have their own special characteristics: there must be a system of allocation of services to people, other than price and market.
- *Need and demand are indistinguishable*, rationing is essential, and volume of service provided is determined by budget availability, not by market success.
- Services provided through full cost recovery may also be subject to budget constraint, but the relationship between success in attracting service users and revenue generated is an important part of the management environment.
- There is a large and heterogeneous range of public services (also some administrative issue e.g. tax collection)

Public Services revisited?

- Currently *Conception-creation*, *definition of the content of the services and delivery of public services* particularly critical.

→ Innovate, Re-thinking, improving, make more effective and efficient services itself and their systems of provision.

- *Co-creation, co-production, collaborations and partnerships* with citizens, public and private (for profit and non-profit) actors, *contracting-out* and *privatization* are notable issues for both theory (e.g. Osborne, 2018; Nabatchi et al., 2017; Osborne et al., 2016; Brandsen & Honingh, 2015; Voorberg et al., 2014) and practice (e.g. Bason, 2017; Durose & Richardson, 2016).
- Osborne (2018) also suggests a *change in the paradigm and logic in service provision* (from public service-dominant logic -PSDL, to public service logic -PSL)
- ...

“New” service delivery?

- *Government can no more serve as the sole provider of services.*
- Apart from the variants of public services delivery (see prof. Reichard’s presentation) some examples of “instruments” and solution for joint or “new” services delivery are possible and have been already presented in literature.

Examples:

- Multi-sector partnerships at local level (e.g. Lowndes & Squires 2012),
 - Innovative service design (e.g. Bichard, 2011),
 - Inclusion of negotiated risk governance (e.g. Osborne&Brown, 2011)
 - Co-production (e.g. Bovaird, 2007)...
- In addition, relevance of network solutions in policy-making, governance and in management issues.
- The present notion of public service conception, creation and delivery seems more and more based on collaborative networked-based relationships and instruments (e.g. Turrini et al, 2010). (e.g. education, transports, security, health ...)

Example: PS innovation design principles according to EC

- Co-design and co-creation of innovative solutions (with other member states, other parts of government, businesses, third sector and citizens)
- Adopting new and collaborative service delivery models (across public, private and non-governmental actors, both within and across national borders);
- Embracing creative disruption from technology (the pervasive use of social media, mobility, big data, cloud computing packaged in new digital government offerings);
- Adopting an attitude of experimentation and entrepreneurship (government itself needs to become bolder and more entrepreneurial).

These principles must be mainstreamed throughout the entire ecosystem of public sector actors for the greatest gains in quality, efficiency, fairness, transparency and accountability. (European Commission, 2013)

EC also offers a list of recommendations for a new public sector innovation architecture in Europe .

Solutions?

To sum up the possible innovations and changes in the governance for (public) service provision could be:

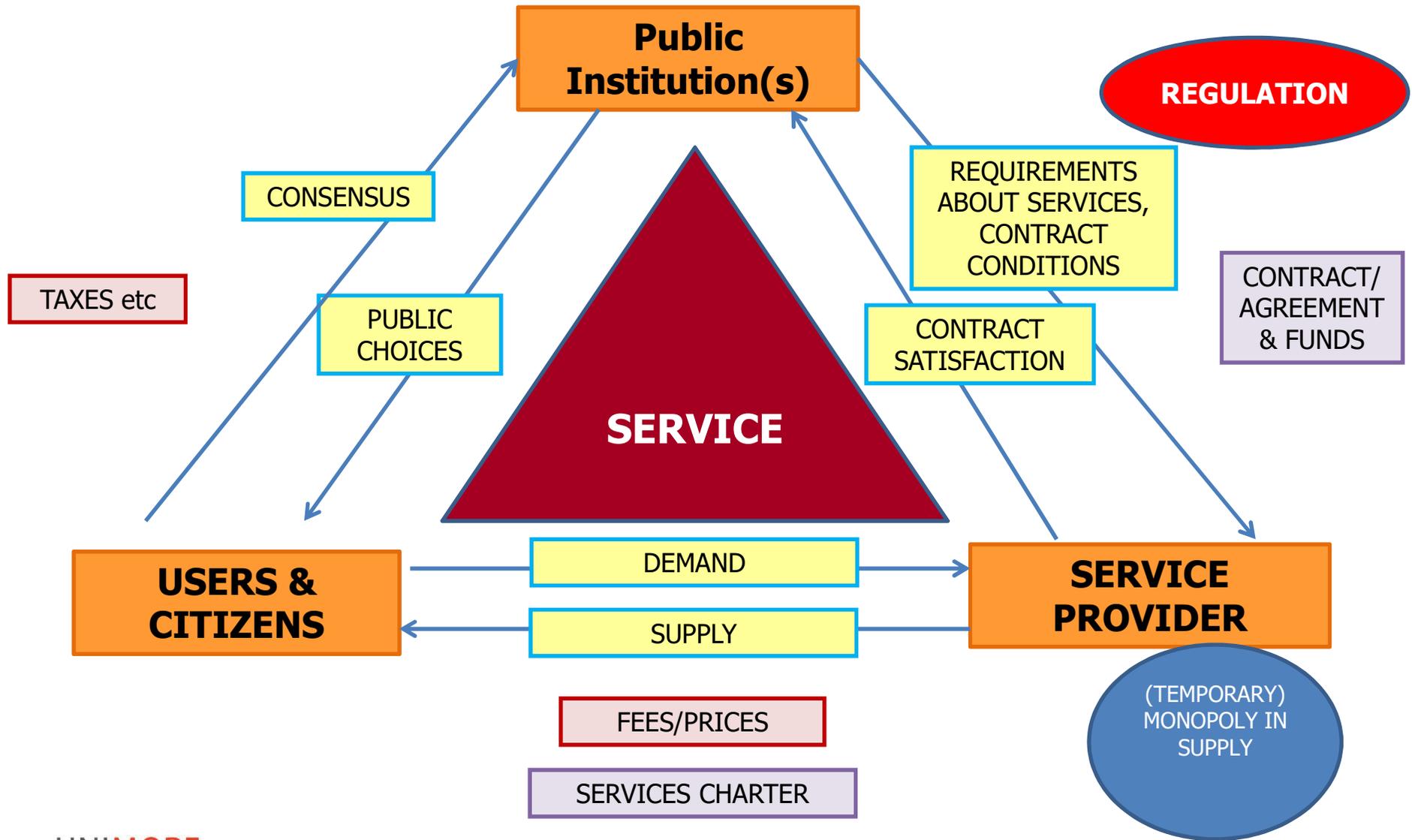
- the revision of the content of public services and their delivery systems,
- the assignment of different roles and responsibilities to local authorities and their representatives, citizens and local stakeholders.

- This means, especially in case of centralization of financial controls and constraints, also governance solutions tailored on local needs and specific socio-economic features and the continuous research of a transparent equilibrium among efficiency /sustainability and effectiveness in satisfying local needs.

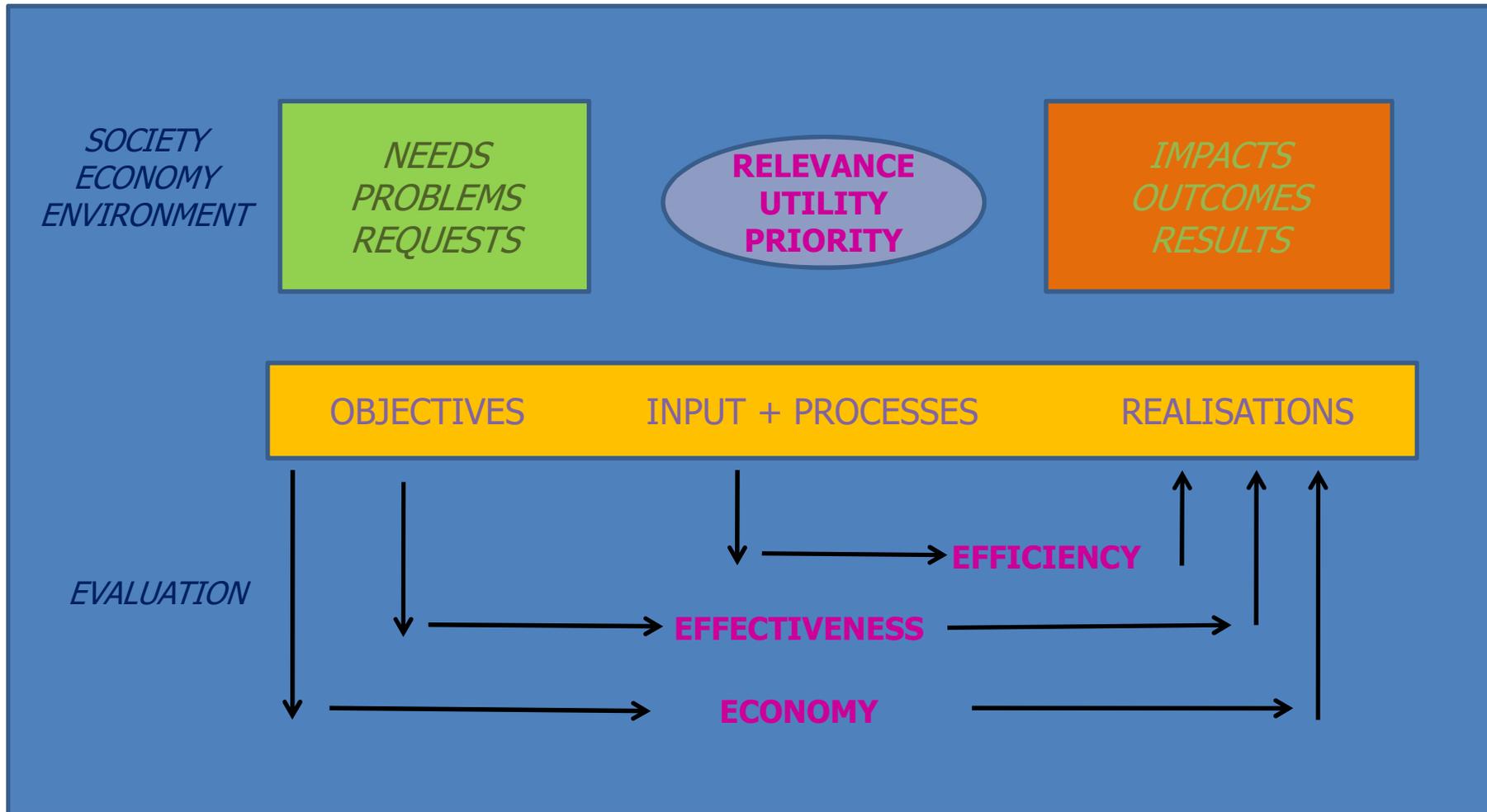
First of all, responsibilities!

- Prof Reichard presented different (new) *institutional variants of public services delivery* (see Monday's third Lecture).
- They constitute also a sort of boundaries/limits, together with regulation (general administrative law, sectorial laws, procurement laws ...) when we intend to innovate.
- In any case governments have huge responsibilities towards citizens, stakeholders and local economic systems.
- Governments can provide public services through different institutional variants of public services delivery but they must always be accountable towards citizens and users of the **contents** and **impacts** of public services (*performance!*)

Public Services provision system



Pollitt – Bouckaert (2004)



Roles of governments in innovation process

- Different moments:
 - before innovation,
 - introduction of innovation,
 - diffusion and persistence of innovations.
- Internal and external requirements/attitudes and conditions.

Starting innovation: governments initiators or followers

As you saw yesterday, innovation can start inside or outside governments:

- INSIDE (*proactive attitude*) → governments are initiators
- OUTSIDE (*reactive attitude*) → governments are followers and adopt solutions suggested
- ✓ somewhere (imitate and adapt solutions)
- ✓ or by someone else (other governments from different layers/sectors, other public sector institutions but also private actors – profit or non-profit- or even by users).

Role of governments during the diffusion of innovation

- Pioneer
- Brokers
- Playmakers
- Enablers
- Followers
- ?

Doesn't matter very much

Please remember:

There is not a warranty that an innovation (of public services):

- Works
 - Is effective in relation with the objective it is conceived (solve a problem concerned to services or satisfy a need...)
 - Could work as it is in another context
 - It will last in the present context
 - Is also efficient
 - ...
- There is always a risk in innovation, in innovation of services too
- There might be unattended results (positive or negative) on services and society

Some ideas about conditions favourable to innovation diffusion?

- There is not a solution but only suggestions...

Internal and external conditions

INTERNAL

- Administrative and organizational change.
- Internal mentality, motivation
- Managerial competences.
- Ability to observe socio-economical systems and forecast some needs.
- Capabilities to listen to citizens, stakeholders and businesses requirements.
- Attention to impacts of services and policies → to performance (non financial results).
- Attention to financial results.
- Willingness to collaborate with other public entities, to learn from them, and to involve citizens/firms/ONP.
- ...

Internal and external conditions

EXTERNAL

- Policy frameworks and enhancing initiatives.
- Characteristics of society (e.g. social capital) and economic background.
- Willingness of local society to adopt services innovations.
- Users' satisfaction.
- Society and citizens' willingness to collaborate and dialogue with governments and services providers.
- ...

Barriers to public sector innovation

- Weak enabling factors or unfavourable framework conditions (structural obstacles, resource constraints, coordination issues).
- Lack of innovation leadership at all levels.
- Limited knowledge and application of innovation processes and methods.
- Insufficiently precise and systematic use of measurement and data.

(EC 2013)

Policy frameworks & instruments

- Evidence suggests public sector innovation often happens through *uncoordinated initiatives* rather than as a result of deliberate, strategic efforts.
- But there might be some **general policies** helping to diffuse/stir/develop some innovations.
- Es. policy frameworks, national or of EU for instance, addressing to the adoption and diffusion of ICTs in the public sector.
- Policy frameworks and instruments (e.g. Observatories, common portals, teams of experts suggesting tool boxes, awards...) could help/enhance introduction and diffusion of innovations.

Examples

- Joinup is a *collaborative platform* created by the European Commission and funded by the European Union via the [Interoperability solutions for public administrations, businesses and citizens](https://joinup.ec.europa.eu/) (ISA²) Programme. It offers several services that aim to help e-Government professionals share their experience with each other. We also hope to support them to find, choose, re-use, develop and implement interoperability solutions.
<https://joinup.ec.europa.eu/>
- OECD's observatory of Public sector innovation <https://www.oecd-opsi.org/>

The transferability of innovation 1

- As you have seen yesterday, innovation is related to the capability to see ahead and with a different view to reality.
- That's why networking/dialogue in the public sector is relevant.
- Between public entities institutionally on the *same governmental layer* (horizontally) or on *another layer* (vertically). But also between public institution operating in *different areas*: education, health, utilities (different among them!) ... *and with businesses!*
- Importance of portals (websites), observatories, fairs ... and awards on innovation or on specific services provision.

The transferability of innovation 2

- Innovations can be useful for *similar experiences* (not necessarily the same).
- Copy and paste? Much improbable if you want to be successful.
- Or adapt to specific: setting, sector of service, and specific needs.
- Of course, transferability of an innovation can concern the whole idea or process, or only a part of it.
- Risky.

Relevance of managerial competences

- To suggest, improve, enhance innovation of services/policies of service.
- To manage suitably relationships with (private) service provider (more or less close and challenging according to the kind of service and of the institutional variant adopted).
- To motivate civil servants and private partners.
- To promote a mentality innovation/change/improvement friendly inside and outside governments.
- *In particular of advocates of innovation.*

The roles of citizens and stakeholders

- Customers, users or citizens? (according to you?)
- Tendency to actively involve more and more citizens in public services
→ public governance attitude, role of ICTs & e-governance.
- Also collecting their feedbacks, comments and suggestions.
- The new roles of citizens: co-design and co-production of public services are consolidated and wide spread trends.
- It's important to well communicate service innovation to users, citizens and businesses.

The roles of politicians

- Important to maintain their support after the introduction, during the implementation and use.
- They can promote innovations too.
- If they think the innovation doesn't work, doesn't have the impact expected or is too costly for the organization (or they intend to support another innovation) .. It's a problem!
- Difference between elected and non elected (appointed) politicians.

To conclude ...

Innovation never ends: once we, somehow innovate a public service and/or its system of provision you need:

- To implement it,
- To make it known to citizens/businesses and other governments,
- To diffuse/transfer it ,
- To make it last ...

How? *Continuously adapting it and checking its performance and its impact, and its costs ...*