KEY SPEECH

The Future of Public Service: A Search for a New Balance

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Public administrations are vehicles for expressing the values and preferences of citizens, communities and societies (Bourgon 2007). Some values and preferences are constant; others change as societies evolve. Periodically, one set of values comes to the fore, and its energy transforms the role of government and the practice of public administration.

Reflecting back on the last three decades, we can now see how public administrators around the world embarked on an astonishing journey of experimentation and innovation. The nature and pace of change has been extraordinary. Australian practitioners and scholars have contributed far more than their expected share to the international public administration community. You have inspired and influenced reforms around the world.

Looking ahead, the Australian government's new agenda for the public service heralds more change and reform. It challenges you to experiment and innovate further. Your peers around the world are watching with great expectations. We are eager to continue learning from your experience.

Many of the changes your government is calling for in its new agenda for the public service point to the need to search for 'a new balance' in public administration. If you will indulge me, I would like to focus briefly on this metaphor because it is significant for practitioners and scholars in many other parts of the world. The theme of the Conference is 'The Future of Public Service: Striking the Right Balance'. So what might it mean to strike a new balance? Does such a balance exist? And, if it does, how would this help us to serve citizens in the 21st century better?

We have lived through an extraordinary period in the last 30 years. Think for a moment about some of the monumental developments during this time. We have witnessed the fall of the Berlin Wall and the end of the Cold War. The construction and expansion of the European Union brought peace and prosperity to half a billion people. There has been an unprecedented convergence towards a global market economy, which has contributed to a prolonged period of growth. We have seen the rise of China and India into new global economic engines. We have embraced the Internet and other technological innovations. These have transformed the world economy, our global society, the role of government and citizens' expectations. This list could go on.

'May you live in interesting times,' someone once said. Indeed we have. During this same period, public sector reforms have swept the globe. No matter which country we come from, practitioners of public administration have all lived with and participated in widespread experimentation and a phenomenal rate of reform. If there has been a constant in our globalising world, it has been the rapid pace of public sector change and reform (Kettl 2002). No part of the planet has escaped this impulse.

Many of these reforms aimed to make the public service more efficient and productive. Some strove to make governments more flexible and adaptable to changing circumstances and emerging issues. Notwithstanding the nature and number of past reforms, the pace of reform is not likely to abate. Public sector organisations are not yet aligned in theory and in practice with the new global context or with the problems they have for their missions to solve.

The quest for a *new* balance for sound governance and good government is not over. Many of our public institutions were born in the latter part of the 19th century and early 20th century; a period characterised by the industrial revolution, the emergence of bureaucracies in democratic societies and the influence of scientific management. Public sector organisations were expected to perform predictable tasks under prescribed rules. The power structure was top down and hierarchical. Rigorous controls ensured performance and accountability for delegated authorities.

It is not so much that the world was simpler then but that public organisations were called upon to exercise a more predictable role. This role was based in a model of compliance. In the past, this model embodied most government activities. Today, it represents a declining fraction of the work of government. The compliance model is still relevant for the regulatory functions of government. It pertains to predictable activities that require equality of treatment under the law and accountability for the exercise of delegated authorities under the law (See Figure 1).

From this compliance model of government, inherited from the industrial era, we retain and value:

- respect for the Rule of Law;
- respect for democracy;
- due process; and
- transparency and accountability.

This model gave us a solid foundation. But the role of government became more complex as populations increased in size and societies changed and evolved. Governments required more flexibility. The drive for flexibility led to many responses, including:

- an *organisational response* characterised by a proliferation of agencies and various organisational models;
- a *legislative response* using framework laws giving public administrators a high degree of discretion to address a variety of needs; and
- a *governance response* striving to rebalance the role of the public sector, the private sector, civil society and citizens.

Figure 1. Public Sector Reforms
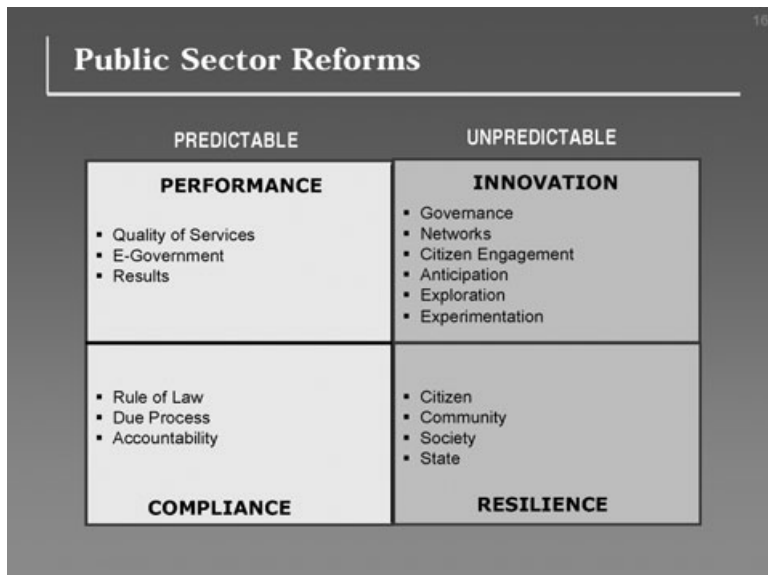
Many of the reforms of the past 30 years have involved a debate about *governance,* including the respective roles of the private sector, the public sector, civil society and citizens previously performed by government organisations. In some countries, these reforms led to the privatisation of functions and services. In others, the reforms led to the decentralisation of government. Most reforms led to some degree of deregulation and an enhanced role for civil society.

Since there is no *good governance* without *good government* and well-performing *public sector institutions,* these reforms also brought in their wake a push for more productive, efficient, effective and transparent government.

Some countries found inspiration in private sector practices. All sought to harness the power of modern communication technologies as a way to improve performance and quality of service. Over the last 30 years, the belief in scientific management remained intact, as revealed by the unprecedented focus many reforms placed on quantification and performance measurement in government (See Figure 1). It was a rich period of experimentation, some successful and some less so. Experimentation always carries the risk of failure. This period enriched our collective knowledge and laid the basis for future reforms. From this period we retain a number of things:

- We better understand the importance of sound governance. Government does not need to do it all for the collective interest to be well served. It must learn to rely, instead, on the strength of others;
- We discovered the power of e-government, which is transforming the role of government, its relationship with citizens and the role of public servants; and
- We have a renewed commitment to good performance, and have started to shift our attention on inputs and outputs to results.

Everything that has taken place before has been part of our learning process. It has been part of a quest for sound governance, good government and well-performing public institutions. But the search for a *new* balance is not over. The most exciting part is still ahead.

It is arguable that public sector reforms so far have been shaped a*s if* government operates in a predictable environment; a*s if* governments are in control and possess the tools and the levers necessary to effect change on their own; a*s if* *incremental* changes will be sufficient to ensure the ongoing relevance of government; and a*s if* ex post quantification is sufficient to encourage innovation. There are some questions we might wish to ask ourselves in searching for a new balance:

- Is there room to build the capacity of the state and of government to perform in an unpredictable world characterised by discontinuity, disruptions, risks and breakthroughs?
- Should this role be left to the market with government acting as the agent of last resort?
- What new balance of government roles would best serve our respective countries' interests?
- What balance would provide citizens with a high standard of living and high quality of life?

To prepare governments to serve in an *unpredictable world* would require a different mix of reforms. Such reforms would likely call for public sector institutions able to innovate, to experiment, to anticipate, to seize opportunities when they emerge, to deflect problems before they become 'wicked', to reduce frictions where possible and to face adversity when it cannot be avoided. A cursory look at the recent past is a sufficient reminder that we live in an unpredictable world. In the last 15 years we have experienced terrible natural disasters, shocking and violent conflicts, surprise pandemics, unforeseen economic crises, unexpected, technological advances, and tectonic shifts in the global political economy. There have been *unprecedented breakthroughs*, like the mapping of the genome, *unpredictable risks* like the tsunami of 2004 or the SARS crisis of 2003, and *preventable crises* like the sub-prime crisis in 2007, or the current food crisis (Mai, Sing and Shin 2008).

But the issue is not whether we live in a more dangerous or more unpredictable world than

before. It is whether our search for balance will extend to preparing the state and government to deal with issues outside of the realm of regular expectations. It is whether we will be seeking to prepare ourselves to sustain good governance in uncharted waters. It is whether we will be encouraging our public sectors to innovate and to experiment at the head of the pack. Countries that have had strong, flexible and professional public sector institutions, have been better positioned to manage risks, weather crises and seize opportunities. For nations, strong public administrations are a source of comparative advantage. For the international community, they contribute global capacity to deal with unpredictability. Too often, however, this capacity is used to deal with fall-out. We need to continue the struggle to get ahead of the curve.

So, as professional public servants, we will continue to improve our thinking and practices, building on lessons learned from the past and looking to the future. Doing so serves national interests and creates greater security, prosperity and social justice in our global village.

The key words for this next phase of public sector reforms are anticipation, exploration, discovery, innovation and experimentation (See Figure 1).

Trends in Public Sector Governance and Reforms

In their next round of reform agendas, governments around the world will express their views on how the public sector can best contribute to the success of their nations in the future. These agendas will be specific to each country, taking into account its culture, history and circumstances. They will build on all that has taken place before, including the lessons learned from previous reforms. There is no rupture from the recent past. Everything that follows already exists to varying degrees around the world. Together, these trends may point to a new balance that aims to improve the capacity of public sectors to innovate and to help societies flourish in an unpredictable world.

Government and Governance

Governments all over the world are struggling to cope with the radical shift from the Industrial Age to the global Information Age. The emergence of knowledge-based economies, globalisation, and modern information and communication technologies, among other developments, are changing citizen expectations. For governments, trust and legitimacy hang in the balance.

The reform movements of the past 30 years have been characterised by a fundamental debate about *governance*, which concerns the respective roles and responsibilities of the public sector, the private sector, civil society and citizens. Over time, we have learned about the importance of the interconnected role of private, public and civil society institutions as a pre-condition of economic prosperity, social justice and intergenerational fairness.

Governance can be defined as the 'traditions, institutions and processes that determine the exercise of power in society'. It speaks to how society makes decisions on issues of public concern, how citizens are given voice in public decision-making, and how social partners work together to create public goods (Denhardt 2003). Increasingly, *government* provides the leadership, change agenda and democratic institutions, and *governance* is how the work gets done.

Public goods result from the contribution of multiple partners working together inside and outside government to achieve common results. This process is characterised by a broad dispersal of power and responsibilities in society. No one controls all the tools or possesses all the levers to address the complex issues that people really care about. In the process, government gains strong allies and greater reach. But no one, not even the state, can impose its will or effect complex results on its own.

To be sure, government is a player like no others. Its actions affect the overall performance of the governance system in the country and influence the behaviour of all other players in society. There is no 'sound governance' without 'good government', well-performing public institutions and competent public servants.

Shared governance is the management of the non-hierarchical relationships among multiple actors. It will continue to form part of the reform agenda of many countries. Those most able to forge strong partnerships will have a better chance of outperforming others inasmuch as they follow an approach to shared governance that lifts the ambition of partners rather than settles for the lowest common denominator.

Politics and Administration

A good public policy is one that achieves the intended results at the lowest possible cost to society while minimising unintended consequences. While policy decisions receive most attention, policy implementation is where success is defined. This is where we can see the difference between grand ideas with no future and good ideas that generate long term benefits for the country. Implementation is where we learn how reasonable risk-taking may pay out great dividends.

It was only in the 1970s that implementation of policy decisions started to receive serious attention. We came to realise that implementation processes are determinants of policy outcomes. Equally important, we came to see that the organisational and institutional capacity to deliver is a central consideration in the design of policy options.

If the role of the public administration is to transform political choices into solid results (Levin and Sanger 1994), then poor public service capacity reduces the range of policy options opened to elected officials. Poor capacity limits the ambition of government, raises the risk of failures and therefore increases the costs borne by society. Strong public sector capacity helps ensure citizens can build the future of their choice. It is a precondition to the successful implementation of the priorities of the government in office.

In short, we learned politics and administration are the two parts of a single system. They are where ends and means, values and facts, political calculus and science, policy and service delivery must meet. And where what is judged to be politically desirable must converge with what is feasible. *Neither discipline is complete without embracing the other.*

The policy advisory role of the public service enriches the political process. It brings to decision-makers the best available internal knowledge. It helps to reconcile policy options with the capacity to deliver. It ensures that the lessons learned from past experience at home and abroad are taken into account. Much can be gained by increasing appropriate interaction between decision-makers and public servants. It can strengthen communication and trust, and deepen mutual understanding and respect for roles.

Public policies do not emerge fully formed. While the initial policy 'intent' may be reasonably clear, most public policies take shape and evolve through action. By 'doing', public organisations discover how to achieve better results through course corrections and incremental improvements (Behn 1988). In the process, this leads to changes in the initial policy ideas as well as the desired policy outcomes (Browne and Wildavsky 1984). Public policies and implementation are one: 'the idea is embodied in the action' (Majone and Wildavsky 1984).

Figure 2 illustrates the dynamic that exists between politics and administration. The final decision about policy choices obviously rests with elected officials. They alone, under the constitutional regime in place in their country, can decide which initiatives would be deserving of public support and which should form part of the agenda of the government in office. A proper understanding of the respective role of elected officials and of public administrators does not require that they work in isolation from each other. There are no air tight compartments, no rigid *separation*.

There is a growing need for *democratic interactions* based on respect for democracy and trust. Indeed, the public policy issues of the 21st century demand more interactions than in the past among public servants at the local, subnational, national and international levels to marshal the best available evidence in support of policy decisions. These issues require more interactions among elected officials to ensure cohesive and coordinated responses among levels of government and departments. They

Figure 2. Politics and Administration
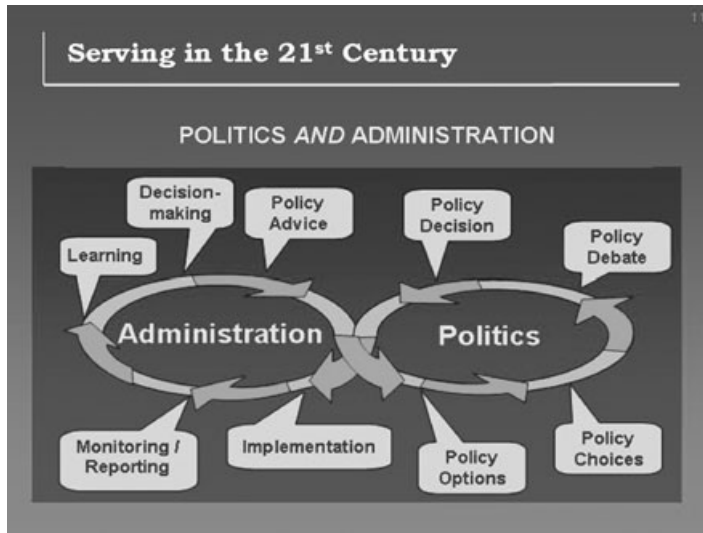
require strong partnerships between elected officials and public administrators to shape and implement increasingly complex policy agendas.

Governments with a strong policy research capacity, good information systems, a tradition for professional policy advice, and a healthy political-professional partnership based on trust, mutual respect and deep commitment to democratic values, will have a better capacity than most to anticipate emerging policy issues and to shape appropriate responses. In part, this is because they will be able to speed up the process of incremental improvement and innovation in policy implementation. They will also be better positioned to create new policy breakthroughs as a result of the increased interaction.

Future trends in public administration involve moving from a framework of *multiple separations* between market and democracy, politics and administration, policy and implementation, central and line agencies to one of *multiple integrations* to meet the imperatives of serving citizens in the 21st century.

The integration of politics and administration, of policy decision-making and implementation, is not a forgone conclusion. Under the influence of the 'new public management', several reforms during the past 20 years have exacerbated the separation that

previously existed between politics and administration (Gregory 2007). This has disaggregated government through the creation of arm's length agencies, making the integration of policy decisions and their implementation more difficult than before. However, a major part of the solution does not lie in reorganisations or structural changes. It consists in developing relationships and networks which can help government rise above and connect individual units.

Many countries will face the challenge of integrating policy and implementation to ensure cohesion and to create future comparative advantages. Those with a tradition for respectful, trustworthy partnerships between elected officials and public servants that respect democratic principles and the rule of law should have an advantage on others.

Bureaucracy and Networks

Governments around the world operate through systems of delegated authorities. Officeholders are accountable for their actions and for the exercise of powers delegated to them by a higher authority. Not surprisingly, the traditional structure of government is designed to reflect this vertical and hierarchical system of authority and power. This model was

inherited from the late 19ᵗʰ century, a period characterised by the Industrial Revolution. It was particularly well-suited for dealing with the predictable role of government in performing repetitive tasks under precisely prescribed rules. The world has changed.

Governments are now called upon to serve citizens in the Information Age. They must ensure the well-being of their citizens in the context of an unpredictable global economy and complex global society. In this context, most of the results relevant to citizens, politicians and ministers are at the level of the *system* and *society*. These results are the most relevant and meaningful because they reveal real policy choices and entail real trade-offs. For instance, is the health system accessible in times of need, equitable for all citizens, and efficient as a percentage of GDP? How does the economic performance of their country compare to that of others with a comparable level of development? Is the financial burden imposed by social policies and programs equitably distributed among generations compared to the benefits provided?

Achieving system-wide or societal results is beyond the control of a single government agency working alone. Rather, whenever elected officials set goals that require the co-ordinated response of actors and organisations inside and outside government a network approach is increasingly necessary. This approach connects and focuses government actors and organisations on system-wide or societal results.

Networks are the most powerful innovation in organisational development of the past 25 years. They are agile, nimble, and easy to organise. They can be used for almost any cause or purpose. They bring together people and organisations who share a common purpose for a short time or for the long haul. International groups have used networks extensively in support of a diversity of causes. Governments by and large have been slow in exploiting the power of networks in support of their missions.

These days, the hierarchical model of government increasingly co-exists with the management of networks. Modern government entails the management of the traditional power structure and of non-hierarchical, non-traditional relationships. This approach is transforming the role of the centre of government and of central agencies. It is opening promising avenues for modernising the role of line departments. And it is supporting new, shared forms of governance that involve governments from other jurisdictions and non-governmental actors and organisations.

The centre of government can use networks to ensure interdepartmental coherence in support of government-wide priorities. This can shift their role from comptroller to change-agent in support of the government agenda within a framework of shared accountability for results. Governments from different jurisdictions and operating under different governance structures with different forms of accountability to citizens can use networks to enhance co-operation among them.

Line departments can use networks to coordinate the contribution of multiple actors and agencies. This affords them the opportunity to modernise their role. For instance, a successful and well-performing hospital does not amount to a well-performing health system. For the latter to happen, many organisations must achieve a high level of performance in a coordinated and integrated way. The role of the Health Department is to provide a coherent policy framework for the alignment of a large number of organisations, some public and others private. It is to convene and connect the actors and help them stay focused on the overall performance of the system. It is to provide direction and guidance, ensure synergy and complementarities, capture and disseminate best practices, anticipate issues and accelerate decision-making in support of system-wide results.

In a word, the role of a line department is to lead the collective efforts within a system. For network management to succeed, line departments must be empowered to play this role and be granted the flexibility to take action within their mandate and to redeploy resources when necessary. When the centre of government plays the role of line departments, issues invariably receive attention when it is too late or when they have reached crisis proportion.

Network management is not 'management by committees'. Rather, network management brings together those who share a responsibility

for results and who have the power to act in support of achieving results. While it is wise to use this approach selectively, it is a powerful and necessary way to manage the interdepartmental and intergovernmental space characteristic of modern government (Bouckaert and Halligan 2008). A combination of vertical accountability for the exercise of delegated authority and of network management improves the capacity of the public sector to achieve system-wide results. It also favours the involvement of elected officials and facilitates citizens' engagement.

Some of the challenges many governments face in producing system-wide and societal results could be addressed through a combination of vertical management for delegated authorities combined with network management. Coordinating extended, horizontal operations is the trademark of public administration in the 21st century. It is already part of the reform agenda in many countries, where it is identified under labels such as joined-up government, whole-of-government, total government. I prefer the concepts of 'network management' and 'integrated government' which indicate more clearly the possibility of variable geometry in bringing together those who have a direct responsibility for results.

Controls, Compliance, Performance Measurement and Results

In the 1980s and 1990s, performance measurement in government became more extensive and more intensive. Today, in many countries, there is reason to worry about the proliferation of performance indicators. The experience reveals that program managers make a limited use of performance information. Performance information is rarely used as the basis of new public policy decisions. There is little evidence that it has contributed to parliamentary discussions.

Separated from the political process, public debate and management decision-making, performance measurement becomes simply an instrument of control rather than a catalyst for learning and innovation, for accelerating decision-making and improving results. It is time to reconsider the approach many countries pursued in the recent past.

In government, how things are done is sometimes as important as what is done. Some *controls* are fundamental in a public sector setting (eg, respect for the law, democratic values, etc). They are a cornerstone of public sector accountability. These requirements are not negotiable and apply to all public organisations.

In the public sector, *compliance* is ensured through *process controls*. Public sector organisations are also constrained through *input controls* related to the level of resources provided. As well, they are subject to ex ante *approval controls* related to their access, deployment and use of those resources. *Output controls* have more recently been added to the mix, leading in some cases to a proliferation of performance indicators (Gregory 2007).

Central authorities impose government-wide controls, but departments and agencies at every level along the chain of delegated authority self-impose additional controls and constraints. The end result can be a disproportionate cost of controls compared to the expected benefits, at the expense of fulfilling the mission of the organisation (Barzelay and Armajani 1997). Controls divert a proportion of the public funds voted to serve an external purpose and achieve results for citizens toward serving internal purposes instead. The costs of compliance as well as the nature of the controls and constraints impact directly on the capacity of the agency to convert input into activities and outputs. The wrong mix can hinder the agency's capacity to achieve results.

All organisations, whether public or private, operate under some constraints. The private sector operates in a regulated environment where organisations are expected to maximise returns. In the public sector, it is generally recognised that organisations operate under a heavier burden of constraints and controls and, as a result, their efficiency and effectiveness is diminished. When the cost of controls imposed on public organisations becomes excessive, it undermines the role of government and justifiably gives rise to criticism by citizens.

Controls and constraints play a useful role when they set the limits within which agency employees can exercise discretion to achieve results or when they set the parameters of

acceptable behavior for public organisations (Borins 2008).

The challenge is to find the optimal balance between minimising the cost of controls/ constraints and maximising the net public value of government services. No agency is successful if it is only able to comply with constraints but unable to achieve results or if a significant part of its resources are used to ensure that constraints are met.

Performance measurements should lead to progressively removing *ex ante* and process controls as performance management systems focusing on results are put in place and, as the quality of the information collected reaches satisfactory levels. Performance information and, perhaps more importantly, the ways public servants, politicians and citizens use it, needs to contribute to learning, innovation and improvement. We are all accountable for doing better. A shift from a culture of controls to a *culture of results* is an essential requirement to encouraging innovation in a public sector setting.

Citizen Engagement in Policy and Service Delivery

Public participation and, more recently, citizen engagement in policy development have featured prominently in public sector reforms in many countries over the past two decades. Many reforms have also focused on improving service quality by involving users of government services in planning and evaluation processes. There is a growing interest in many countries in deepening and extending democratic politics and governance in part by finding new ways to engage and empower citizens to participate in decision-making, resource allocation and service design and delivery.

Current models of public governance do not always live up to the ideals of democratic politics, such as, 'facilitating the active political involvement of the citizenry, forging political consensus through dialogue, and devising and implementing public policies that ground a productive economy and a healthy society' (Fung and Wright 2001).

Citizen engagement includes the measures and institutional arrangements that link citizens more directly to the decision-making process of a state in such a way that they are *empowered* to influence public policies, programs and services in a manner that impacts positively on their lives, both economic and social. Citizen engagement, whether in public policy or public service delivery processes, will form part of future public sector reforms.

Citizen Engagement in Public Policy

Public policy issues are increasingly complex. No government can claim to have all the tools, nor all the powers necessary to affect a complex and effective policy outcome. An increasing number of complex public policy issues require the active participation of citizens as *active agents of change* in order to achieve the desired policy outcome.

This is particularly the case when issues require a change of societal behavior, which in turn requires the active participation of *citizens as agents of change*. It is also the case when the nature or scale of issues exceeds the legislative authority of the state and the government's ability to act. There are a growing number of issues like this, ranging from international issues such as global warming and poverty alleviation, to national issues such as prevention of obesity, wellness or labour productivity, to local issues such as 'safe streets,' civic participation and community development.

Citizens will increasingly demand to *have a say* in matters where they are expected to play an active role or to pay the price. However, citizen engagement in public policy processes is not a panacea and should be used with care. It can be time-consuming, costly, and give rise to a number of issues. Among these are issues of fairness, representation, access (ie, the poor, weak, and elderly are likely to have little or no access and, therefore, be under-represented), and the balance of special interests. It can also become a pretext for *inaction* and delay urgent decisions.

Elected officials, therefore, have an important role in determining the appropriate degree of citizen engagement needed in public issues under different circumstances. This may range from *communication* (ie, one-way communication *by* government *to* citizens), *public*

consultation (ie, listening to citizens' input), *participation* (ie, citizens having the potential to influence policy outcomes), and engagement (ie, the exercise of *real power* by citizens over those issues that matter most to them) which entails a degree of power-sharing.

Citizen engagement in public policy is not a substitute for representative democracy. Nor is it a form of direct democracy. Democratic societies have granted citizens the right to *vote*. Citizen engagement aims at giving citizens a *voice* and *choices* on matters that most affect them.

Citizenship is the cornerstone of the democratic system and of democratic institutions. It is hard work. Endowing citizens with a voice to articulate their values and preferences in relation to the issues that most affect them will likely remain a central tenet of any public sector reform in the 21st century (Bourgon 2007).

Citizen Engagement in Service Delivery

Much of the effort in past reforms regarding citizen engagement has emphasised the policy process. The greatest potential for breakthroughs on citizen engagement however, lies in the area of service delivery. Reforms in this area have and will continue to focus on creating an enabling environment – a platform – that empowers citizens to make decisions on their own behalf as users of publicly-funded programs and services. While these reforms will continue to be done in ways that are respectful of parliamentary traditions, ministerial accountability and professional responsibility, they have the potential of turning the field of public administration on its head. They are 'initiating a dramatic change, a big U-turn, which is heading government back to the people' (Clinton and Gore 1995).

Much of the impetus for increased citizen engagement is being driven by the advent of modern information and communication technologies which potentially allow citizens to have access to most – if not all – the information held by their governments, particularly information that is of direct relevance to them.

While access to government information online is an important enabler of engaging citizens in service delivery, it is an insufficient step. It does not give citizens the *choice* of service delivery channels. It does not give them *voice* on the quality of the service provided, and it does *not* allow them to influence the way services will be provided in the future.

More powerful than access to government information has been the advent of e-government (IPAC 2007). But the real potential of e-government is not so much about reorganising 'back offices' and connecting departments, although this is an important purpose. Its real potential is, rather, to lay the basis for enhancing citizen choices among service delivery channels, providing integrated services designed around citizen needs, and ultimately transferring some of the discretionary powers, currently exercised by public servants *on behalf of* citizens, to citizens themselves as users of government services.

Modern information and communication technologies have the potential to allow citizens to reclaim their public institutions so that citizens could gain access to government services according to their needs, on their terms, and at the time of their choosing. Citizen engagement aims at opening new avenues for empowering citizens to play an active role in service design, service delivery and, perhaps most importantly, the ongoing process of service innovation. Citizen engagement in service delivery opens unprecedented avenues for co-design, co-production and co-creation of government services.

To allow all this to happen, reforms focused on citizen engagement in service delivery will likely entail a different division of power between government and citizens. These reforms will involve the transfer of *real power* from public servants to *users* of public goods and services. They will establish a different relationship between government, citizens and public servants.

Citizen engagement can only occur within the legal framework and constitutional laws of a country. Just as elected officials and public servants require legal authority to exercise discretion and state power, so too do citizens. Civic empowerment can best be re-enforced and protected by creating a *legal* space within which

the citizenry can exercise its share of *choice*, *discretion*, and *power*.

This 'legal space' has not been created in the legal framework of most countries. As a result, the 'power' allotted to citizens is limited, by and large, to the right to vote in elections, referenda, or other consultative mechanisms.

It *is* possible to give more power to citizens *without* impeding representative democracy. Citizen engagement does not diminish the political will. Instead, it enriches our practices of representative democracy (Fung 2006).

This discretion of power exists in most governmental programs. The problem, therefore, is not a question of *how* to derive the discretion required to empower citizens, but rather how it can best be *transferred* from government and the bureaucracy to the citizenry. 'Far too often what is said is, 'let's create these new forms as long as they don't actually take *power* away from us' (Taylor 2003). But none of these things will work *unless* politicians understand, from the outset, that it has to be about a willingness to let these people make decisions, even when it limits the power of the traditional hierarchy' (Taylor 2003). Looking forward, meaningful participation can only occur in instances where elected officials and public administrators are genuinely prepared to relinquish a share of their own discretionary power for transfer to the citizenry.

Citizen engagement in the 21st century will require new forms of accountability to the public (ie, societal accountability). Elected officials and public administrators may increasingly be held accountable to citizens for results. Accountability for results may increasingly take precedence over the exercise of power by public officials.

'Citizen engagement has both an intrinsic and instrumental value. It has an intrinsic value because it leads to a more active citizenry. It elevates the public discourse, and enhances transparency and accountability. It also increases the sphere within which citizens can make choices' (Bourgon 2007). Citizen engagement also has 'an instrumental value by encouraging public debate which leads to broad-based consensus in support of government initiatives. In that sense it reduces the political costs, and improves the likelihood of success of government actions' (Bourgon 2007).

Citizen engagement brings us back to basics. It brings us to the very purpose of government and public sector institutions. Public sector reforms have the potential to be 'radically democratic in their reliance on the participation and capacities of citizens' (Fung and Wright 2001). Their potential to empower citizens to play an active role in the design and development of services, while ensuring fairness and equitable treatment, is more vigorous than ever.

Public sector reforms will require new approaches to service delivery that harness the power of networks in a co-creation effort between government, the private sector, and civil society (Mai, Sing and Shin 2008). While the traditional face-to-face approach will remain, particularly for highly complex services, the aggressive use of information technology and cross-sector networks will make it possible to maximise the opportunities for users to take charge of the service delivery function, and consequently, for society to develop unlimited potential for innovation in service delivery.

Searching for a New Balance – Innovation in Government

Earlier this year, the Kennedy School of Government published a book celebrating 25 years of innovation in government (Altshuler and Behn 1997). It reveals just how innovative public servants and public sector organisations are. They make continuous improvements to their ongoing operations. They find new and better ways to fulfill their missions. They integrate innovative processes into their operations, transforming the organisation.

Even more remarkable, public servants innovate not because of financial incentives or personal rewards, and not even because they are given support (which they generally are not). They innovate because of a public service ethos. Innovation stems from their desire to serve. The challenge now is to go beyond incremental improvements and continuous innovation.

Some of the trends mentioned before would expand the scope and the pace of innovation in government through:

- a greater reliance on *shared governance* which entails the capacity to collaborate with others and build on diverse perspectives and strengths;
- the use of *networks* both inside and outside government as a way to tap the collective knowledge and to encourage system-wide thinking;
- *citizen engagement* as a vehicle for co-production and co-creation of public goods; and
- a reduction of the *burden of compliance* requirements to create an environment more hospitable to innovation.

Taken together, these reforms would help to build the capacity of government to play an active role *beyond the known paths*. But is it enough?

The *Black Swans* described by Taleb (2007) are beyond the realm of normal expectations because nothing in the past points to their reality. The *Wild Cards* (1999) of John Petersen are not simple trends. The scope and speed of change they imply will challenge the capacity of governments, states, societies and the international community to respond.

In an unpredictable world, governments face a choice. They may define their role as ensuring compliance under the law, providing good quality of service through incremental performance improvements which entails a degree of innovation, and being the insurer of last resort against the most important failures brought about in our unpredictable world.

Or, without guarantee of success, governments may choose to play an active role by building their capacity to anticipate and explore, to prevent and diffuse when possible, to experiment, and to try to intervene ahead of time when the risks of inaction are greater than the cost of failed experiments. It would entail a high tolerance for failures or draw-backs. At times, it would require sacrificing some degree of efficiency to encourage discovery.

Making this latter choice would require governments to build new capacities and change old habits. Among the need for new capacities, I would mention at least three.

We need to strengthen the policy research capacity in the public sector to detect emerging trends, threats and opportunities. Many of the reform efforts of the past 30 years have focused on service delivery. As a result, the policy capacity of government has been neglected and is falling behind.

We need to take a new approach to risk assessment and risk management in the face of limited and imperfect knowledge. Many of our most pressing problems will not go away while we spend our time and resources looking for the 'one best solution' or seeking 'perfect knowledge' about them. Problems such as climate change will only become worse if we take this approach. And the risks will increase. In many cases, experimentation, early interventions and learning-by-doing, offer a more promising way forward.

We need to find ways to engage ministers in the decision-making process surrounding risks, innovations and experimentations. This is obviously lacking at this time in many of our countries. There have been few serious discussions about these topics between elected officials at the highest levels in Cabinet, in government and in the legislative assemblies.

Two old habits that need changing deserve mention. Public servants and public sector organisations in different parts of the world have shown they can innovate. But most countries have been unable to create a *culture of innovation* in their public sectors. Some of us, myself included, have failed to build political support even for modest innovation and reasonable risk-taking in government. As a result, every mistake creates a chill and generates a new wave of controls.

Human resource management regimes, whether job-based or career-based, have not kept up with the times. Furthermore, recent initiatives focusing on rewarding individual performance run counter to the need to encourage teamwork, inter-agency cooperation and system-wide thinking. Innovation, learning, and experimentation are *team sports.* If governments want more innovation, they will need to realign incentives to reward collective efforts.

People are the source of public sector innovations. New ideas and ways of doing things take hold when people bring their different skills, different backgrounds and different perspectives together to tackle a common issue. To encourage this, governments need to focus on building capacity at multiple levels.

To build the *individual capacity* of public servants, governments need to foster human resource management practices that promote diversity of work experience, interdepartmental mobility and competition for talent as a basis for promotion.

Governments can increase the *collective capacity* of the public service to innovate by deliberately cultivating specific communities of practice throughout government and supporting their collective dialogue, exploration, learning and experimentation (Saint-Onge and Wallace 2003). This has the added benefit of extending human networks within government, creating greater system-wide coherence, and improving mobility of personnel between different organisations.

Managers, and in particular senior managers, constitute the most influential community of practice in the public service. Their role affects every other community and every organisation. Their behavior sets the values. Their ideas, words and actions in large measure shape the culture of the public service. They share a collective responsibility to provide integrated advice to government and an integrated response in support of government priorities. Working as one, they constitute a powerful intelligence network for getting out in front of issues and problems before they arise.

In order to build the capacity to innovate, governments have a special responsibility to encourage and support communities of practice. In doing this, they need to focus significant effort on the community of senior managers.

In addition, governments can build *organisational capacity* for innovation. There are many models available in the organisational development and organisational theory literature on this topic. Organisational capacity building will continue to focus on converting individual knowledge into collective property, and making

sure it is accessible to all organisational members. This requires system-wide information and knowledge management systems. Even further, this process will focus on how organisational members can collaborate, co-create and co-produce through networks throughout government and with people, groups and organisations outside of government.

Turning individual and collective ideas into organisational capacity to innovate may very well require institutional changes within government (Tapscott 2007). These may include new ways to set the agenda, mobilise resources and make collective decisions. It may involve new instruments to implement, monitor and demonstrate results in society. It may require new checks and balances against the abuse of power. In many ways, the trends discussed earlier are signs of the direction many countries may take in reforming government institutions.

All this may help to anticipate, deflect problems and seize opportunities. And it might help to guide early interventions that keep problems from becoming wicked problems. But is it enough? In the end, the impacts of a complex, unpredictable world are borne by society as a whole. This is where unprecedented breakthroughs are transformed into new wealth. It is also where unpredictable shocks are absorbed.

The role of government is also to help build the *resilience* of our societies to flourish in unpredictable circumstances, to shoulder the burdens of inevitable crises, to avert preventable crises, and to learn from adversity.

Governments cannot do it all. There is no going back to the all-knowing, all-encompassing role of the government in the context of welfare states. Through our experiences, we learned that one of the unanticipated consequences of such an approach was the erosion of societal capacity through citizens' dependency on the government and the State. In rolling back the State and reducing the role of government, one of the unintended consequences we discovered is that governments lost some of their capacity to anticipate and to lead. These reforms also tended to unfairly shift burdens onto people in other jurisdictions. In so doing, they avoided the hard work that was required to solve

problems, and thus build capacity through learning-by-doing in their own jurisdictions.

In going about their business and undertaking reforms into the future, governments may wish to keep a keen eye on how, through their decisions and actions, they are continually building capacity in citizens, communities and social institutions. The means by which governments go about their work is thus as important as the goals they strive towards on behalf of citizens.

In this regard, the trends towards shared governance, citizen engagement, and networks form important parts of a foundation for more innovative governments and, equally important, greater resilience in society.

By engaging citizens in policy and decision-making, governments not only open up avenues for innovation, they also build citizens' capabilities to respond to events and co-create new individual and collective futures. In an ongoing process of learning-by-doing, citizen engagement helps individuals identify and press forward on their individual interests while learning that these can only be met in the context of their solidarity with others. It encourages them to seek out information, to research and frame issues, to propose options and solutions. It elevates public debate. It helps them to connect with people to achieve social consensus. And it helps them to understand political rationality, processes and constraints. Citizen engagement

contributes to a learning society that is able to take risks and is not afraid to change.

By opening themselves up to the possibilities of shared governance and the power of networks, governments help to build social capital in communities. In encouraging broader participation in governance and increased connections between people from different sectors and walks of life, these initiatives strengthen norms, solidarity and trust in communities. With a strong foundation of shared values, communities can more quickly seize opportunities and absorb shocks.

Finally, governments can contribute to a resilient society by ensuring their decisions and actions build robust social institutions. In striking the right balance in governance and public policies, governments must consider how they will support a productive, innovative, competitive, ethical private sector and a strong civil society that includes dynamic non-governmental organisations and a robust sphere of public discourse.

Conclusion

In the continuing quest for sound governance and good government, many countries are searching for a new balance in the various roles they expect government to play. They may embrace some combination of compliance, performance, innovation and resilience (See Figure 3).

Figure 3. Striking a New Balance
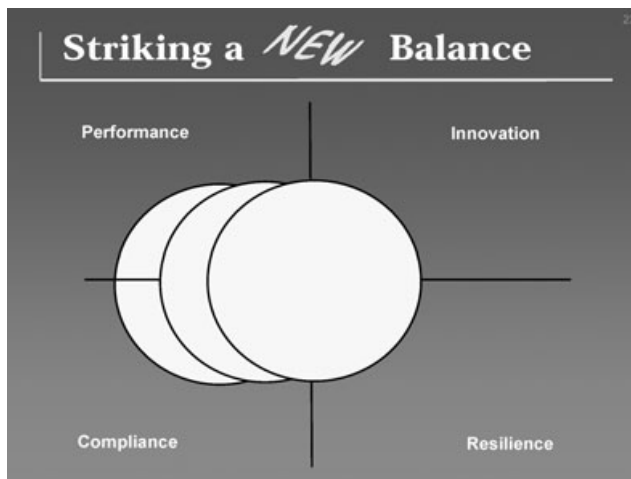
Or they might pursue other roles I have not mentioned or imagined here.

Time will tell which journey each country will take. Time will tell which balance will best serve our respective countries' interests and the collective interests of citizens in our global community. For certain, we will once again live in interesting times. Let our search for a new balance begin.

Acknowledgment

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