

Public Innovation and Public Purpose

A Follow up to the OECD Conference,
Innovating the Public Sector: from Ideas to Action

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Introduction

In November 2014, the OECD held a conference on innovation in government (“Innovating the Public Sector: from Ideas to Actions”). I chaired a session (see section below for details) in which we explored the inter-relationship between innovation in the public sector (that is, improving systems, practices and service delivery functions) and public innovation (the capacity of government to invent solutions to the challenges we face as a society). The OECD published my opening remarks in an article called “Innovation in the Public Sector or Public Innovation?” This paper expands on that article.

Innovation in the public sector has received much attention over the years. The focus is introspective. Efforts contributed to the modernization of government services, in particular through the introduction and use of modern information and communication technologies (ICTs), and paid greater attention to user satisfaction. Worthy as they are, these innovations are unlikely to keep pace with the increasing complexity of our changing society. We need something else, something more.

The Need for Public Innovation

Issues like climate change, aging populations, rising social and income inequalities, the prospect of slow growth or deflation, and new threats to public safety illustrate the challenge of governing in an increasingly complex and turbulent world. These challenges will not go away without government actions and interventions to bring about viable solutions or a more desirable result for society (Council for Science and Technology, 2009; United Nations, 2012; Bason, 2013).

We cannot solve the public policy dilemmas that stem from living in a post-industrial era by relying on the ideas that gave rise to these problems in the first place—or by using the familiar approaches that served us well in the past. Governments are called upon to steer society through a process of change that may be as profound as that brought about by the Industrial Revolution (Bourgon, 2014b). These changes stem from the impact of the digital revolution and from living in an increasingly global, interdependent, and a hyper-connected world prone to unpredictability and global system failures.

Public administration as a discipline and a domain of practice should have more to offer than innovation in government. The transformation process that is under way will require challenging conventional ideas, reframing public policy issues from different perspectives and testing new ideas. This is a good time to be in government. The demand for public innovation has not been this strong in a long time (Bourgon, 2014a).

Reframing the Conversation about Public Innovation

A first and modest step might be to reconnect the conversation to the core mission of government, which is to serve the collective interest and generate public results of ever-increasing value to society.

Innovation in Government

The conversation is often framed as innovation in government and focuses on barriers to innovation. The narrative in the literature and in government documents runs like this:

- Innovation in a public sector setting is inherently difficult (Schumpeter, 1942; Sorensen & Torfing, 2011).
- The political environment is hostile to innovation due to the short-term orientation of political leaders (Pollitt, 2008).
- The culture of the public sector is risk-adverse and risk-avoiding (Borins, 2008; Kelman, 2008). It values standardization and formalization.
- Legal requirements are barriers to introducing new ideas (Pierson, 2000; Bernier and Hafsi, 2007).

The literature stresses the importance of leadership (Bason, 2010; Hartley, 2005). Therefore, it is up to political and professional public sector leaders to remove the barriers. Efforts in this vein have included:

- Creating special places like laboratories and public policy innovation centers outside the mainstream public sector.
- Using ICTs to improve service delivery and encourage disintermediation.
- Promoting public-private partnerships and networking arrangements.
- Rewarding innovative practices through incentives, awards and recognition.

Results have been mixed and, in any case, insufficient to prepare for the challenges of serving in a post-industrial era. Various crises since 2000 have exposed the weaknesses of our public institutions. All too often, governments were left in reactive position—unable to anticipate issues or initiate corrective action in a timely way to mitigate the cost to society.

Social Innovation

Not surprisingly, the conversation has started to shift. If government is not up to the task, then should citizens rely on their own initiative to address the problems of interest to them? There is something both encouraging and disconcerting in the conversation on social innovation (Mulgan, 2009; Howalt and Schwarz, 2010; Bates, 2012).

We know that some government policies and programs have crowded out the contribution of service users and beneficiaries, and eroded the natural resilience of communities to solve problems themselves (Bourgon, 2011; Ostrom, 1990). In a word, some government programs and services have created dependencies even if they also contributed to social progress. Encouraging social innovation is essential to rebalance the relationship between government and citizens from one of dependency to one of shared responsibility and mutuality. Citizens are social beings. The actions they take and the decisions they make help turn a collection of individuals into a society worth living in.

Indeed, producing public results is not the exclusive responsibility of government. It is a collective effort—a shared responsibility between government, citizens and all agents in society. Government has a special responsibility to encourage social innovation, promote self-reliance and enable the active engagement of communities to build and improve the resilience of society. The European Commission (EC) and a number of countries have recognized social innovation as a necessary part of the public sector reform agenda. The EC describes social innovations as “innovations that are both social in their ends and their means” (EC, 2013).

But what are the implications of relying on social entrepreneurs and benefactors to address public policy issues? Some authors and proponents see social entrepreneurship as an alternative to traditional governance in which people and communities are encouraged to address matters of interest by creating co-ops, charities or various types of social enterprises. This is reminiscent of a not-too-distant past when religious groups and charitable organisations played a prominent role in society. Are we witnessing the return of charitable/not-for-profit organizations as public service providers (Cabinet Office, 2010)?

Social innovations generate many important results, but they cannot produce the public goods that we consume collectively without some form of state intervention. They cannot (nor should they be expected to) guarantee services to all in likewise circumstances, ensure fair and unbiased access, provide recourse or public accountability for decisions and redress mechanisms when needed. Community-based initiatives serve their community's interest; not necessarily the collective interest. For this, some form of state intervention is necessary.

In summary, the conversation about innovation in government suffers from too narrow a focus. It underestimates the importance of producing better public results in the public sphere. The conversation about social innovation underestimates the importance of the state in finding sustainable solutions to the public policy challenges we face collectively.

Public Innovation

Strange as it may sound, we lack a narrative about public innovation that reflects an understanding of the fundamental role of the state and public institutions. One that would bring together government to promote the collective interest in all circumstances, citizens as active members and contributors of a broader community and multiple agents in society to advance societal progress by pursuing their interest in a manner that also advances the collective interest.

This brings us to public innovation. To paraphrase the European Commission; let's consider that public innovation entails generating innovative solutions that serve a public purpose through the use of public means. This would help to reframe the conversation about innovation in a public sector setting. It would challenge the prevailing perception about what constitutes a barrier to innovation in and by government.

Public innovations have distinct characteristics that make them most valuable to society. Unlike the private, academic or civic spheres, public innovations take shape at the most macro scale. They apply to the whole territory under the authority of the state agent.

Government intervenes in the public sphere with imperfect knowledge. State interventions are experiments in progress that transform how society behaves and functions. Public innovations (interventions that generate the desired public outcome) are not definitive answers. In fact, no public innovation is fit for all time. They must be able to adapt as circumstances change and as new knowledge becomes available.

From this perspective, public innovation does not happen in spite of politics and the law: it is enabled by politics and the law. The authority of the state provides the legitimacy behind government interventions. Public innovations derive their legitimacy from a mix of democratic principles, political leadership and the rule of law.

Public innovation takes shape at the crossroads of a reliance on the law that encourages predictability and standardization, and an applied process of experimentation to discover new and better ways of achieving results of value to society. The challenge for government is to ensure the continuity of the state while initiating potentially disruptive interventions to steer society forward.

Government Interventions and Public Innovation

Governments innovate. We owe many innovations that have shaped the societies we live in today to public institutions. They gave us the nation state and rule of law. They invented the policies and programs that contributed to building modern societies, including health and education systems, pension and various programs to assist people in times of need.

State agencies produce and enforce the laws necessary in a market economy, ranging from corporate laws and the protection of intellectual property to regulation of the financial sector. Governments built the infrastructure (roads, harbours, airports, ICT, etc.) needed for modern societies and economies to flourish.

In crises, governments are the insurers of last resort and stewards of the collective interests (Bourgon, 2011). Recent public innovations include rescuing financial institutions and using monetary policy and quantitative easing in unprecedented ways to mitigate the impact of the “great recession.” These interventions have blurred the lines between private and public goods, and have given new meaning to private risk and collective responsibility. The boundaries of the state are constantly being renegotiated and redrawn to maintain stability and social order (Mitchell, 1991).

Governments intervene in the public sphere to achieve public outcomes judged necessary or desirable for society. Government interventions modify behaviours and influence the way people live their lives. Governments do not only respond to events—their actions and decisions are deliberately designed to influence the course of events and to transform the environment. The impact of government interventions can be felt well beyond the boundaries of their country of origin. We live in an inter-dependent world.

In “The Irrealities of Public administration” (2014), Jesper Christensen reminded us that interventions and innovations are related concepts: inventions (from the Latin *invenire*, to discover) intervene (*intervenire*) in the current state of affairs and transform the reality that existed previously. State interventions are explicitly designed to bring about change to generate a better future and public organizations are mandated to shape the environment and to steer society to achieve more desirable public outcomes (Mulgan, 2009).

By intervening in the public sphere, governments are inventing solutions to society’s problems. Some interventions will achieve the desired outcomes; some will work reasonably well but will generate unintended consequences that will require adjustments. Others will fail. The challenge is to ensure the continuity of state institutions that encourage stability while experimenting with change to rehearse and create better futures.

State intervention and public innovation are inseparable entities. The state intervenes to invent solutions. Public innovation is both the goal and the process of generating innovative solutions.

The difficulty in preparing government to be fit for the time is to improve its capacity to generate interventions that will achieve the desired outcome, adapt, and prevent system failures.

Public inventions are vulnerable to system failures because, once imbedded in law, interventions tend to perpetuate themselves even if they no longer meet the needs they were designed for. This creates a mismatch between the services on offer and what people need (Cottam,2011). Public health and education systems in a number of countries are perfect examples. What constitutes a public issue is forever changing and therefore the state must always reinvent itself.

Another challenge for government is to learn to “scale down” its interventions. This means to test ideas on a smaller scale by working with the users or the interested communities before going to full scale with country-wide policies or programs. This requires a culture of innovation that encourages experimentation to uncover what works in practice in the context where the initiative must take hold. It requires also a willingness to focus on results rather than means and to adjust in light of the knowledge gained in practice.

There is no doubt that government has the legitimacy and that it does intervene in the public sphere. But legitimacy and capacity are very different. The question is what can we do to ensure that the capacity of government to invent solutions will keep pace with the increasing complexity of the world we live in?

Preparing Government to Be Fit for the Time

Since its inception, the New Synthesis Initiative has focused on preparing government for the challenges of serving in post-industrial era. This work is ongoing (for more information, please see www.nsworld.org). Fortunately, the topic is also attracting increasing attention from renowned academics, scholars and practitioners around the globe, including those who participated in the OECD Innovation Conference. Ideas have started to converge and reveal exploratory pathways to improve the capacity of government for public innovation.

Think Public Purpose

Public agencies serve a public purpose. This is their *raison d'être*, and what gives meaning to their actions and decisions. Their role is to generate a better future and improve the human condition through public interventions. There is a need to articulate the deep public purpose that public interventions are meant to serve in order to invent viable solutions to the complex issues we are facing as a society.

Conventional approaches tend to focus on problems to fix, deficits to eliminate, wars to fight. They idealize problem-solving as if an intervention will generate a definitive end-point. Complex issues and intractable problems do not have a definitive end point. They evolve as a result of the actions of multiple agents in the economic, social and political spheres. Addressing complex public policy challenges is more often a matter of continual facilitation to generate a more desirable outcome for society rather than uncovering the magic solution that will solve the issue for all time.

Think Citizens

Citizens are valuable assets for producing public results. They provide knowledge, insight, skills and capabilities that can be used to generate better solutions and results of higher value at a lower cost to society.

Co-creation and co-production are promising avenues for government as well as for users, beneficiaries of public services or obligates under public laws (Oudshoorn and Pinch 2003). Furthermore, ICTs provide new avenues to encourage self-organization and self-regulation.

Co-created solutions improve policy making by helping to reveal the multiple dimensions of complex issues rather than breaking problems down and creating solutions for each part.

Think Creative Experimentation

Some people are concerned that experimentation in government involves taking risks. This argument must be challenged:

- Government interventions have always been akin to risk-taking on the largest possible scale since actions and decisions apply to the whole country and to all people. In contrast, experimentation reduces risk by testing ideas on a smaller scale and learning from practice (Bourgon, 2010; 2014a).
- The greatest risks to society result from system failures. As alluded to above, this leads to a mismatch between the solutions on offer and the needs of citizens that cannot be resolved by simply increasing spending (Bekkers, Tummers and Voorberg, 2013).
- Experimentation opens the door to new approaches that are likely to yield better results than an unacceptable and unaffordable status quo; therefore, the risk associated with experimentation in this situation is almost zero.

We need to rethink the cost accounting of public innovation to focus on the potential benefits of small-scale public investments that may yield significant societal benefits.

Think System Dynamic

Governments are meta-system designers. Their interventions transform the relations between the economic, social, political and environmental systems and the interface between governments and their citizens.

Complex issues are massive, integrated and multidimensional. Progress does not reside in what government can do but in what it can cause to happen (Du Guay, 2000).

Large-scale challenges require a trans-disciplinary perspective and trans-agency co-operation to generate viable solutions (Banerjee, 2014). Working across multiple boundaries and interfaces is a defining characteristic of modern governance. It was once said that systems are perfectly designed to generate the outcomes they generate (attributed to Paul Batalden, Professor Emeritus of Dartmouth Institute). So, if public sector results fall short of our needs, if agencies hoard data and cannot cooperate across sectors, then we must conclude that public organisations were designed to generate these results. The good news is, what was created by design can also be changed by design—but it will take hard work and goodwill from all to build the capacity of government for working across multiple boundaries.

The OECD Conference: Plenary Panel Discussion

The panel I chaired was made up of five internationally renowned experts:

- Jorrit de Jong, Academic Director, Innovations in Government Program, Ash Center, Harvard Kennedy School of Government, USA;
- Sanford Borins, Professor of Strategic Management, Department of Management, University of Toronto-Scarborough, Canada;
- Victor Bekkers, Professor of Public administration, Erasmus University, Netherlands;
- Christian Bason, Chief Executive, Danish Design Center, Denmark; and
- Geoff Mulgan, Chief Executive, NESTA, UK.

The storyline that emerged from the discussion inspired this article because it revealed the need to reframe the conversation on public innovation from a broader perspective .

- Innovation in the public sector is not new. Most countries have had initiatives to encourage innovation for many years. These efforts have generated some positive results, but they have been insufficient to improve the public perception of the public sector or to build trust in government (Borins, 2014).

- Until now, attention has focused on the barriers to innovation in the public sector (Jensen et al, 2008). However; the view that public servants face insurmountable barriers is not substantiated. Research shows that a “perceived” lack of flexibility may be a more powerful barrier than any actual limitations imposed by laws and regulations or the lack of financial resources (de Jong, 2014).
- A broader view of innovation and a broader perspective is needed to encourage innovation in and by the public sector; one that focuses on societal and citizens’ perspectives (Bourgon, 2014).
- Public innovation serves a public purpose. Focusing on the broad public purpose gives meaning to government actions and legitimacy to its decisions. It opens up the potential for co-operation across and beyond government by working with the private sector, civil society, communities and citizens (Voorberg, Bekkers, and Tummers, 2014). This helps government to reconnect public purpose and the public space (Bason, 2010).
- Public innovation requires a wide range of means and approaches. Public innovation is about solving problems in a manner that promotes well-being and generates results of higher value to society (Mulgan, 2009). Governments bear a special responsibility for building the innovative capacity of society.

Innovation in government explores how to improve systems and practices, and find new and better ways of providing public services. The most significant innovations in government are those that build the capacity of government for public innovation, that is, to invent solutions to the problems we face as a society, generate a better future and improve the human condition.

Conclusion

The OECD has launched an important initiative and I was fortunate to be part of it. As I left the conference, I was left with the thought that it was important to bring a broader perspective to the discussion on public innovation in and by government. A broader perspective is needed to focus on what matters most and to productively engage Ministers, elected officials as well as senior public sector leaders in a much needed discussion about the challenges of preparing government fit for the time

This article is a modest contribution to reframing a much needed discussion to prepare government to be fit for the times. Much remains to be done and so... the journey continues.

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