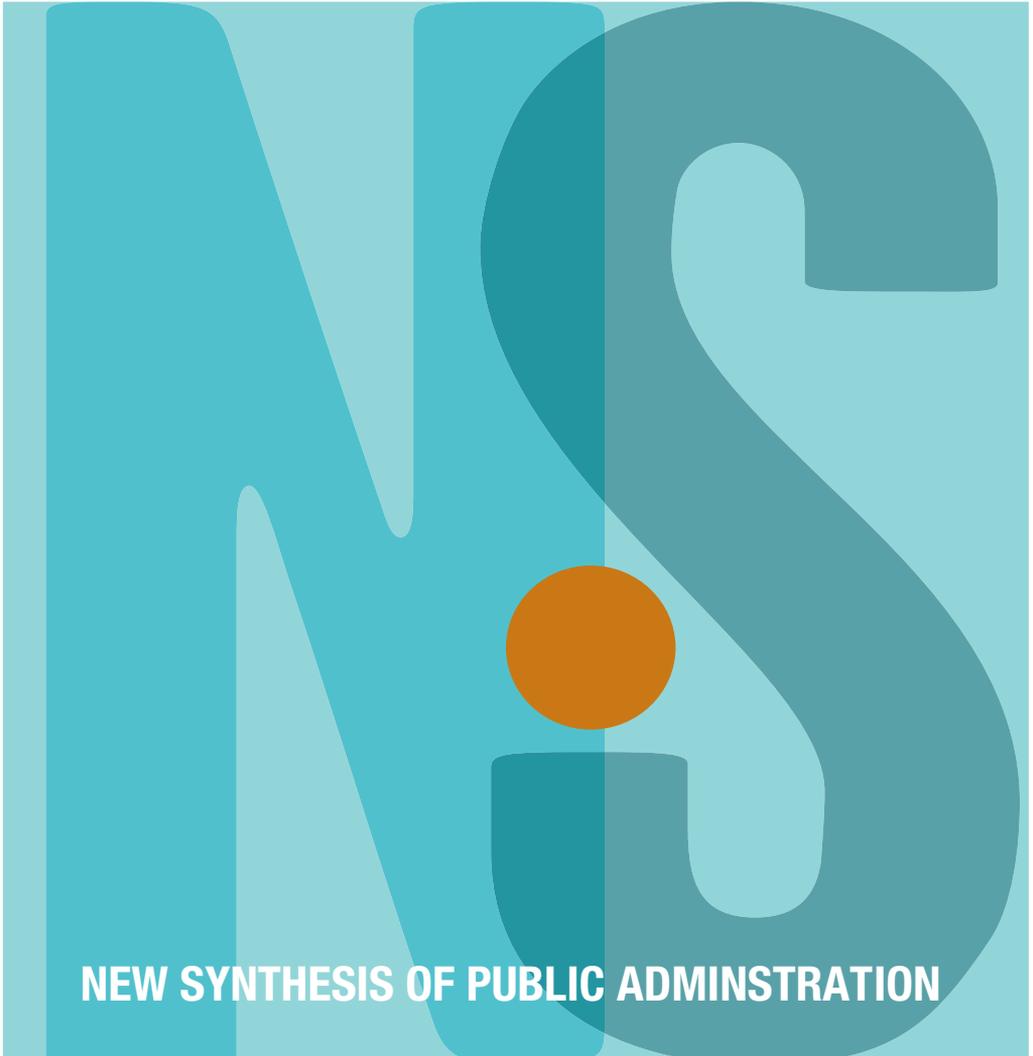


RETHINKING PUBLIC INNOVATION

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NEW SYNTHESIS OF PUBLIC ADMINISTRATION

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Re-Thinking Public Innovation

The situation faced by public servants and public sector leaders today may not be more challenging in absolute terms than in previous generations, but it is certainly different. The problems societies face today stem from a world characterised by increasing complexity, hyperconnectivity and a high level of uncertainty. In this context, the public sector's role in developing innovative solutions is critical.

Despite the need for public innovation, public servants (when asked to discuss the challenges they face in New Synthesis¹ labs and workshops) tend to present a narrow perspective, rarely going beyond the boundary of their respective units. While recent public sector reforms have encouraged a drive for efficiency and productivity, they have also generated a narrow and sometimes distorted view of the scale of the role of government in society.

Ideas and principles matter. The way one thinks has a direct impact on the solutions that will be found and the results that will be achieved. Innovation in government has received much attention over the years. For the most part, the focus has been introspective, giving special attention to the modernisation of public sector systems and practices as well as the service delivery functions of government. The focus of attention in these conversations is on *innovation in government* and as a result may have missed the most important contributions of government to public innovation.

Innovation in Government

A typical narrative is that innovation in a public sector setting is inherently more difficult than in a private sector one because it is operating under a heavier burden of constraints and controls.² The political environment is described as generally hostile to public innovation due to short political cycles and the need to respond to political pressures.³ As a result, the culture of the public service is inherently risk averse and risk-avoiding.⁴ The literature tends to focus on finding ways to remove barriers to the introduction of innovative practices.⁵

1 The New Synthesis Initiative is an international collaboration aimed at giving public service practitioners a conceptual framework of public administration that can guide their actions and decisions, and invent solutions fit for the times. It results from years of research and practical application, and has been used by more than 1000 practitioners from countries including Australia, Canada, Denmark, Finland, Malaysia, Singapore and some EU member states. More information can be found at <http://www.pgionline.com>

2 For examples, see Eva Sørensen and Jacob Torfing, "Enhancing Collaborative Innovation in the Public Sector," *Administration & Society* 43 (2011): 842-68; P. Pierson, "Increasing Returns, Path Dependence, and the Study of Politics," *American Political Science Review* 94 (2000): 251-67.

3 Christopher Pollitt, *Time, Policy, Management: Governing with the Past* (Oxford: Oxford University Press, 2008).

4 Steven Kelman, "The 'Kennedy School' of Research on Innovation in Government," in *Innovations in Government: Research, Recognition, and Replication*, ed. Sanford Borins (Washington, D.C.: Brookings Institute Press, 2008), 29 & 37; OECD, *Innovating the Public Sector: From Ideas to Impact* (Paris: OECD, 2014), 19; Pierson, "Increasing Returns", 251-67; Luc Bernier and Taïeb Hafsi, "The Changing Nature of Public Entrepreneurship," *Public Administration Review* 67(2007): 488-503.

5. Jocelyne Bourgon, *Public Innovation and Public Purpose* (Ottawa: Public Governance International, 2015), 4.

In every narrative, there are elements of truth. Here, the story misses the point: it is public innovation that matters. A focus on innovation in government is unlikely to help government keep pace with the increasing complexity of society or yield solutions to issues ranging from climate change, increasing income and employment inequalities or the impact of an aging population.⁶ A conversation framed around *innovation in government* suffers from too narrow a focus to reveal the significance of public innovation. It underestimates the importance of the role of government in building an innovative society and in inventing solutions to emerging issues with unknown consequences.

Public Innovation

Governments innovate: this is the starting point for a broader conversation on public innovation. To reframe the conversation about innovation from a public sector perspective is to position it in the broader context of the role of the State and the contribution of government to society. *Public innovation is a core mission of government* – that is, to invent solutions to the challenges faced by society that cannot be solved without some form of government intervention. The capacity of governments to guide society through an ongoing process of change depends on this critical role.

The public sector is responsible for many of the innovations that have given shape to our modern societies. Public organisations have funded and built infrastructure necessary for a modern society to function.⁷ Government investments underlie the radical technological innovations that have fuelled the “New Economy” and are currently being used in unprecedented ways to stimulate the world economy. Government interventions constantly mediate and redraw the boundaries between the private and public spheres of life in society.⁸

In an earlier work, I defined public innovation as “innovative solutions serving a public purpose that require the use of public means”.⁹ What distinguishes public innovation from social innovation is the intimate link to government actions and the use of instruments of the State.¹⁰ From this perspective, far from being risk averse, the State is the ultimate risk taker in society. Government takes risks on a scale that no other sector or agent in society could take on and intervenes in areas where the forces of the market or the capacity of civil society would be unable to go.

This broader perspective reveals some of the distinctive characteristics of public innovation.

6 Council for Science and Technology, *Improving Innovation in the Water Industry: 21st Century Challenges and Opportunities* (London: Council for Science and Technology, 2009); Christian Bason, “Design-Led Innovation in Government,” *Stanford Social Innovation Review 10th Anniversary Essays*, Spring (2013): 15-7.

7 Bourgon, *Public Innovation and Public Purpose*, 5-6.

8 Timothy Mitchell, “The Limits of the State: Beyond Statist Approach and their Critics,” *The American Political Science Review* 85 (1991): 77-96.

9 Bourgon, *Public Innovation and Public Purpose*, 6.

10 For work on social innovation, see Geoff Mulgan, *Innovation in the Public sector: How Can Public Organizations Better Create, Improve and Adapt* (UK: Nesta, 2014), and Directorate-General for Regional and Urban Policy, European Commission, *Guide to Social Innovation* (Brussels: European Commission, 2013).

Distinctive Characteristics of Public Innovation

Public innovation has distinctive characteristics that make it irreplaceable. These characteristics are linked to the authority of the State and the legitimacy of government to intervene in the public sphere to change the course of events in a manner judged preferable for society. They distinguish public innovation from innovations in any other sector.

A Macro-scale of Interventions: Unlike in the private, academic or civic spheres, public innovations often take place at the largest scale. They apply to the whole territory under the jurisdiction of the governing entity and to everyone under the authority of the State. New laws apply to all. New programs and services define the entitlements of eligible citizens and create new rights enjoyed by all citizens in similar circumstances. The law is a necessary enabler to act in this manner and on this scale. No other actor in society can intervene in such a way and on such a scale.

Macro-scale interventions create particular difficulties for government. Companies will generally test innovative ideas on a small scale before scaling them up. This reduces risks and improves the likelihood of a successful launch of a new product or service. Governments face the opposite challenge; they must find ways to scale down an initiative in order to learn more before launching it on a national scale. This is more difficult than it seems at first glance. For instance, scaling down an initiative to a geographical area or a smaller group of people may give rise to ethical dilemmas or to legal challenges if an initiative benefits some citizens and not others. The equal treatment of all citizens is an important consideration for government. In some countries, legal constraints may even limit the use of pilot projects. In other cases, testing ideas on a smaller scale could lead to speculative behaviours and unfair competition. As a result, governments have a tendency to deploy new initiatives on a national scale and thus with the highest level of risk. Governments are inherently risk takers when it comes to initiating new policies, programs and services.

Every intervention entails the promise of generating better outcomes as well as the risk of producing unknown, unintended or unwanted consequences. The challenge is to discover how to improve the likelihood of successful government intervention while reducing the risks of generating unintended effects.

Imperfect knowledge and unknown impact: Government intervenes with imperfect knowledge. There may be efforts to encourage evidence-based decision making, using data analytics to extract meaning and detect patterns and other techniques to improve decisions – but ultimately governments must make decisions with the knowledge available to them at the time.

Policy decisions, new programs and services are not definitive answers, but the beginning of long chains of interrelated actions intended to influence behaviours in a given direction. From that perspective, success may not depend so much on what was known at the time the decision was made, but

on the ability of public organisations to capture new insights of what is happening in practice in order to adjust the initial design to achieve the desired impact over time.

Governments intervene to create a better future from a place of incomplete and imperfect knowledge. In most cases, the full impact of a government intervention is unknown at its inception and will only become known over many years. Public organisations with a strong inventive capacity must be able to monitor results over long periods of time to recalibrate the initial intervention as circumstances change and new knowledge becomes available. Government interventions are experiments in progress.

Enabled by law and politics: Public innovation does not happen in spite of politics and the law but is enabled by them. Government interventions derive their legitimacy from a mix of democratic principles, political leadership and the rule of law. Government possesses the legitimacy to intervene on behalf of society.

Public innovation takes place at the intersection: of a reliance on the law, which encourages predictability, and of experimentation, which can reveal new and better ways of achieving results of value to society. A particular difficulty for government is balancing the need for continuity and stability with the need for change to meet the challenges ahead. Important interventions can also be potentially disruptive. Public innovation is a process of constructive deconstruction that must be calibrated with care to engender the necessary public support.

In summary, reframing the conversation about public innovation opens up a broader perspective: It highlights the importance of government interventions in addressing problems that cannot be solved and in producing results that would not exist without making use of the levers of the State.

Public Innovation through Public Intervention

Every action and decision taken by government is deliberately designed to transform some aspects of society. Government interventions are intended to modify behaviours or to transform the interactions between the public, private and civic spheres. At times, these actions are a response to pressing challenges, in other cases, they are proactive measures aimed at securing a better future. In either case, the impact of government interventions can be felt across vast systems and at times well beyond the country of origin.

At their core, public innovation and government intervention are related concepts. Government intervenes in the current state of affairs to invent a new reality distinct in some ways from the one that existed previously. This is a process of change and innovation. Jesper Christiansen, in *The Irrealities of Public Administration*, reminds us that it is through government intervention that innovations “come in” the public sphere and “come between” various actors in society.¹¹

¹¹ Jesper Christiansen, *The Irrealities of Public Administration* (Denmark: Mindlab, 2013), 19, 34 & 58-71.

Public organisations are mandated to shape the environment and to steer society through a change process to achieve desirable public outcomes. Such interventions may require regulatory support or make use of the spending power of the State. Public means can be used to guide collective actions, encourage collaboration or prevent behaviours detrimental to society through coercive measures. Public innovation is both the goal and the process of generating public solutions that frequently exceed what government can do on its own, but could not be achieved without the use of the levers of the State.

Some initiatives will achieve their desired outcomes; some will work reasonably well for a time but require periodic adjustments; others will fail. In some cases, the reasons for failure may rest with government. This is the case when the lack of progress is due to a poor understanding of the issue, an inadequate selection of instruments or a poorly designed intervention. In other cases, the lack of progress is due to a lack of synergy between public, private and civic actions. Innovation benefits from an ecosystem where the State plays a key role in building dynamic linkages among multiple organisations and across sectors.

Reframing the conversation on innovation means focusing on societal results and exploring how the authority of the State can be put to optimal use to lever a collective effort that encourages the sharing of responsibilities and rewards for contributing to a common desirable outcome. It raises the questions about the potential to for the State to create a symbiotic system in which both society and the private sector benefit. It also raises further questions about the potential for government to intervene and bear risks beyond the market's tolerance in order to promote the public good or for government to explore how to leverage social agents to build an innovative economy and society.¹²

The perspective on innovation found in the New Synthesis Initiative repositions public innovation in the broader context of the role of the State. The task of re-thinking the role of government in public innovation is in no way limited to the questions mentioned above. Thinking through the role of government in public innovation is an opportunity to re-articulate its public purpose in a changing context and to examine the system of relationships between public, private and civic spheres that produce societal results.

12 For further discussion, see William Lazonick and Mariana Mazzucato, "The Risk-Reward Nexus in the Innovation-Inequality Relationship," *Industrial and Corporate Change* 22 (2013): 1096-7; and Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (London: Anthem Press, 2014).

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