

# Understanding public sector innovation

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*Democracy 2025 – strengthening  
democratic practice*



## Proposition:

Could this be a Golden era for public sector innovation OR business as usual ‘policy-based’ policy-making?

- “Like any human venture, government can be full of error, fallibility and hubris. But the biggest danger for governments today is not excessive hubris but rather that they might succumb to the myth—often propagated by a sceptical media—that they are powerless, condemned to mistrust and futility. If they do succumb, they will fail to rise to the great challenges, from climate change to inequality, that they alone can tackle”.

*Geoff Mulgan, formerly Director UK Strategy and Innovation Unit, now Director of the Young Foundation, Demos, Involve*



# Defining innovation – *spectrum from radical to incremental change*

**“Novelty in action” (Altschuler and Zegans, 1997);**  
**“New ideas that work” (Mulgan and Albury, 2003);**  
**“Significant positive change” (Berkun, 2016)**



# Our core concerns in this session

1. How is innovation defined, and studied?
2. Where are the new spaces emerging for innovation?
3. What are the major institutional obstacles to achieving it and how can they be mitigated
4. Interview with David McKenna
5. Exercise

# What criteria can we use for judging innovation in the public sector? (Evans et al., 2012)

- Place – *how innovative is it from the perspective of the institutions location and history?*
- Novelty – the degree to which the program demonstrates a leap of creativity.
- Significance and effectiveness – *the degree to which the program successfully addresses an important problem of 'public' concern.*
- Utility – the degree to which the innovation makes things easier.
- Longevity/Catalysts – the capacity of the innovation to achieve results over time.
- Transferability – the degree to which it shows promise of inspiring successful replication by other governmental entities.

JUST BECAUSE AN IDEA IS  
NEW, DOESN'T NECESSARILY  
MEAN IT'S GOOD



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# Academic understanding under pressure

- Public choice theory: *public sector innovation is a virtual oxymoron because public sector agencies are monopolies with no competitive pressure to innovate*
- Political Science: *the media's and opposition parties' interest in exposing public sector failures (management in a fishbowl) forms a powerful impediment to innovation*
- Bureaucratic coordination through New Public Management: *public sector organizations are usually large bureaucracies structured to perform their core tasks with stability and consistency, and resist change or disruption of these tasks AND stringent central agency constraints to minimize corruption and ensure due process (transparency and accountability) raise barriers to innovation*
- Organisational Sociology: *public organisations are dominated by embedded norms and values and cut themselves off from exchange with new sources of knowledge and expertise*

BUT CHANGES IN THE FIELD OF ACTION ARE LEADING TO REASSESSMENT

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"All I'm saying is now is the time to develop the technology to deflect an asteroid."

# ***Most frequently mentioned drivers of innovation in the field of action (Evans, Dunleavy and McGregor, 2016)***

<b><i>Political agendas (e.g. Turnbull-effect)</i></b>	<b><i>Public opinion, consumerisation and rising citizen expectations for personalised service provision</i></b>	<b><i>Advances in Digital technologies create new opportunity structures for innovation (e.g. 'the internet of things' and Big Data)</i></b>  <b><i>"Data is the new oil" "Data is the new black"</i></b>
<b><i>Macro-economic conditions</i></b>	<b><i>Smaller government and cost containment</i></b>	<b><i>Continuous improvement</i></b>

# Academic and practice-based understanding converging around the importance of co-design and public value creation

## Academic Focus

- Innovation requires disruptive change (Marc Bovens 2005/Dunleavy and Margetts 2012) and technology is providing it
- Innovation is occurring through incremental change and continuous improvement (Borins, 2001)
- Innovation requires new forms of learning and exchange with new partners – design thinking (Evans and Terrey, 2016) and public value co-production (Alford, 2012)

## Sources of Innovation Practice

Using the brain of the organisation (every idea matters)

Technology

Wicked problem-solving

Co-production/co design/co creation/public value creation

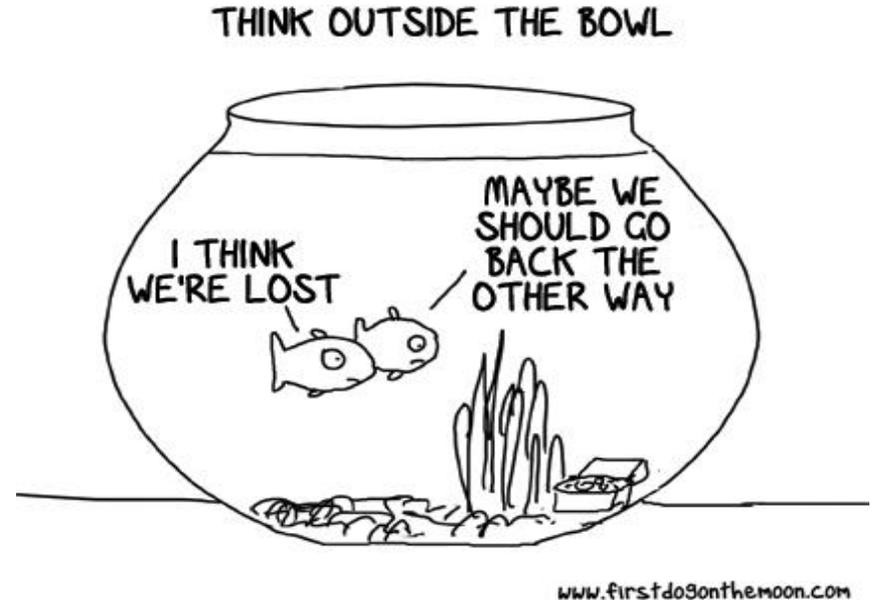
# Design thinking and innovation

- Ash Center for Democratic Governance and Innovation, Harvard University (US) – <http://ash.harvard.edu/>
- Australian Centre for Social Innovation – <http://tacsi.org.au/>
- Big Innovation Centre (UK) – [www.biginnovationcentre.com](http://www.biginnovationcentre.com)
- Design Council (established in 1944) (UK) – [www.designcouncil.org.uk](http://www.designcouncil.org.uk)
- DesignGov – <http://design.gov.au/about/>
- Design for Europe – [www.designforeurope.eu](http://www.designforeurope.eu)
- Design Manager's Australia – [designmanagers.com.au](http://designmanagers.com.au)
- Digital Transformation Office (Australia) – <https://www.dto.gov.au/>
- Helsinki Design Lab – [helsinkidesignlab.org](http://helsinkidesignlab.org)
- Human Experience Lab, Singapore
- Office for Design and Architecture, South Australia – [odasa.sa.gov.au/](http://odasa.sa.gov.au/)
- Involve (UK) – [www.involve.org.uk](http://www.involve.org.uk)
- La 27e Region (France) – [www.la27eregion.fr](http://www.la27eregion.fr)
- Danish Agency for Science, Technology and Innovation (Denmark) – [ufm.dk/en](http://ufm.dk/en)
- MindLab (Denmark) – [mind-lab.dk/en/](http://mind-lab.dk/en/)
- Social Innovation and Entrepreneurship Research Centre (New Zealand) – [sierc.massey.ac.nz](http://sierc.massey.ac.nz)
- Project H Design (US) – [www.projecthdesign.org/](http://www.projecthdesign.org/)
- Public Policy Lab (US) – [publicpolicylab.org/](http://publicpolicylab.org/)
- Thinkplace (Australia and New Zealand) – [thinkplaceglobal.com/](http://thinkplaceglobal.com/)
- Cabinet Office Policy Lab (UK) – <https://openpolicy.blog.gov.uk/category/policy-lab/>
- United Nations Research Institute for Disarmament Research (UNIDIR) – [www.unidir.org/](http://www.unidir.org/)
- UNDP Development Unit, Knowledge and Innovation – [www.undp.org/content/undp/en/home/.../development.../innovation.html](http://www.undp.org/content/undp/en/home/.../development.../innovation.html)



# Where do good ideas come from?

- Ted Talks
- Matt Ridley
- [http://www.ted.com/talks/matt\\_ridley\\_when\\_ideas\\_have\\_sex.html](http://www.ted.com/talks/matt_ridley_when_ideas_have_sex.html)
- What is the core insight here?
- What lessons can be drawn for the APS?



# Where do good ideas come from?

## *Innovation through serendipity*



- Bernie Ecclestone, CEO Formula One Group
- Trustee, Great Ormond Street
- Designer of A&E logistical innovation drawing on health and safety regulations and scheduling for Formula One pitstops

# The citizen's story



- ‘Saves’ for critically ill patients rose by 11% in Year 1 (2007) to 17% in Year 2 (2008) to 30% in Year 3 (2009)

Lessons –

- Get the right people around the table
- Deliberately design a process of learning

# Types of innovation

**Strategic Innovation** - new missions, worldviews, or strategies which impact directly on the nature of decision-making e.g. Digital First Targets, creation of Digital Transformation Agency, Bizlab

**Service Innovation** - involving the co-production (My Tax, MyGov), and co-design of new services with citizens (e.g. National Disability Insurance Scheme) and stakeholders (e.g. Getting Home Safely from Work)

**Product Innovation** - government products with a commercial or private value E.g. CSIRO, inventor of Wifi, Wet/Dryland Technologies, City of Salisbury, Data61, GeoScience Remote Sensing project enabled through Data cube technology via Landsat satellites

**Governance Innovation** - new or altered ways of solving implementation/regulatory or procurement tasks with other sectors and knowledge bases e.g. Brewarrina Shire Council's *Rural and Remote Dental program*, *Australasian Consumer Fraud Taskforce*, *NISA Digital Marketplace*

# What do you think are the major obstacles to public value innovation? (IGPA 2017)

<u>Behavioural</u>	<u>Environmental constraints</u>
<p>Language</p> <p>Culture of risk aversion</p> <p>Poor skills in active risk or change management to create opportunity structures for innovation</p> <p>Silo mentality</p>	<p>Electoral cycle</p> <p>Public expectations for quick fixes</p> <p>Political overload/culture of contentment</p> <p>Socio-economic conditions</p>
<u>Institutional resources/constraints</u>	<u>Institutional resources/constraints</u>
<p>Financial resources</p> <p>Technical capacity</p> <p>Innovation systems</p> <p>Causal theory of innovation from idea to action</p> <p>Staff development in critical thinking...</p>	<p>Limited support from sovereigns</p> <p>Short-term budgets and planning horizons</p> <p>Delivery pressures and administrative burdens</p> <p>Poor rewards and incentives to innovate</p>



# Interview with David McKenna, Department of Defence

- What are the conditions for effective organisational learning? How can they be achieved? Where can we find examples of government as an exemplar? What innovation systems are being used by the APS and how well are they fairing?



# Group Exercise:

## How are these obstacles best addressed?

- If you were developing an innovation strategy what principles would inform it?
- What role should public managers play in leading innovation?
- Where would you get the knowledge from to innovate?
- How would you maintain a culture of innovation?

# In conclusion: culture, capability and learning

- Political-bureaucratic alignment and leadership
- Incentives (enablers and rewards) and disincentives (contestability)
- Every idea matters
- Identify and promote role models – individuals and teams
- Build knowledge partnerships (communities of practice)
- Embrace monitoring and evaluation and experimentation
- Tolerate failure
- Embrace new knowledge and forms of exchange

MYTH:

Culture is a top-down responsibility.

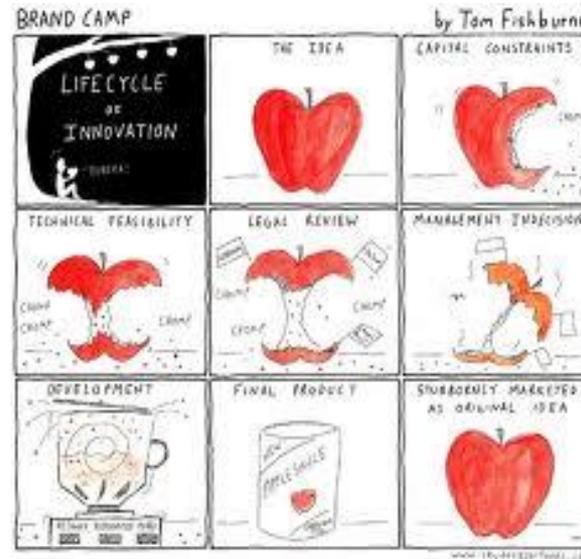
Culture depends on leadership.

FACT:

Culture belongs to everyone.

# The creation of learning organisations is key to the pursuit of public value

- The establishment of learning public organisations which are able to foster a culture of public value innovation is central to the achievement of this aim.
- Linked to ‘new’ or ‘renewed’ focus on the importance of design thinking



# But note new trends in thinking:

- Silos are potentially good; all we need to do is make them **healthy**
- Collaboration stifles individual creativity
- Incremental change is guaranteed to be obsolete over time; only disruptive change matters
- Get rid of the language and institutions of innovation – it compartmentalises innovation, leads to a blame culture and creates adversarial systems

# And always remember public organisations have a long history of innovation:

