

33. Public sector innovation

SANNA TUURNAS

Outline of the topic

Across Europe, countries are undergoing public sector reforms that emphasize collaborative efforts to address complex social problems within societies. Collaboration is essential for fostering innovative problem-solving among interconnected participants in networks. Unlike simple problems that can be solved by individual managers or professionals within single organizations, complex problems require a diverse range of assets and viewpoints across organizational boundaries.

Collaborative efforts are also crucial for creating more effective public services through co-production and co-creation with service users. Service users possess valuable knowledge about their everyday experiences and can think ‘outside the box’ when working alongside representatives from bureaucracies or service professionals. As noted by Hartley and colleagues, the public sector context, politicians and administrators also play a vital role in providing a realistic framework. Moreover, private company representatives contribute agile insights and specific technologies to seek solutions. Overall, collaboration among different stakeholders lies at the heart of innovation in the public sector.

Conceptual overview and discussion

Innovation in the public sector differs significantly from that in private companies, particularly due to its pluralistic nature. Public sector leaders, including politicians and managers, must consider various stakeholders and conflicting demands during the innovation process. The involvement of multiple actors, assets, and values is inherent in public sector innovation. Typically, stakeholders in public sector innovation include politicians, public administrators at different levels of government, service professionals (such as doctors, teachers, and social workers), citizens, civil society organizations, as well as private company partners. Integrating several stakeholders may create complexity and potential value tensions. The broad variety of actors can also be leveraged as a strength for public sector innovation.

Moreover, public sector organizations constitute a specific type of innovation environment as publicly accountable institutions. For instance, local governments can only allow a limited level of risk when it comes to financial support for innovation. Public accountability also means that collaboration with external partners should be balanced, neutral, and representative. Therefore, Österberg and Qvist have observed that public sector innovations tend to emerge in established partnerships and contract-based collaborations, potentially limiting innovation potential. Indeed, public sector organizations are not always prepared to collaborate with external stakeholders. For instance, Tuurnas and colleagues found that local governments often prioritize internal perspectives over external ones in their innovation efforts.

This lack of readiness for collaboration also presents a notable challenge when integrating external insights into innovation processes. It is also typical that the external assets are harnessed only as part of the innovation cycle, for instance in the beginning or at the end of the process. Agger and Sørensen highlight that, during collaborative innovation processes, diverse assets should be leveraged across every phase of the innovation journey. The premise is that collaboration should shape the entire process, from idea integration to identifying viable solutions, selecting the most promising ones, building and testing prototypes, and beyond.

In the realm of public sector innovation, co-creation has emerged as a powerful instrument. Across urban areas in Europe, various participatory experiments have been introduced, including living labs, digital labs, participatory budgeting, and neighborhood development projects. As highlighted by Torfing and colleagues, co-creation stimulates innovation by bringing together public and private actors with diverse experiences, perspectives, and forms of knowledge. In this problem- or task-focused process, these actors challenge and test each other’s ideas about the problem and potential solutions, leading to mutual, expansive, and transformative learning. Co-creation also ensures a coordinated effort to implement new and promising solutions that arise from mutual learning, creative problem-solving, and prototype testing. In summary, co-creation stands as a core tool for collaborative innovation.

As for managing public sector innovation, it is crucial to leverage diverse assets across different phases of the innovation process. Ideally, as noted, the process begins by sharing ideas, integrating them, and determining suitable solutions. From there, it progresses to selecting the most promising solutions and testing prototypes. As emphasized by Agger and Sørensen, the collaborative processes aim to mobilize resources and diffuse innovation into practice by ensuring stakeholders are committed to implementing the new solutions they have co-created. Additionally, Perikangas and Tuurnas introduce the concept of meta-design to help managers structure and design an integrative innovation process, with a specific focus on digital co-production in community development projects as an illustrative case. Finally, a broad range of partners may also help to assess and share risks entailed in innovations. Here, the role of manager is to negotiate the accepted level of risk with all relevant stakeholders. This is also essential for securing bottom-up legitimacy of solutions created in a collaborative process.

Application

Urban development stands as one of the key areas for public sector innovation. In urban contexts, including suburban areas, recognizing place-specific elements is crucial when initiating innovation processes. For instance, when aiming to enhance the livability of an area, it becomes essential to gather ‘insider information’ about local safety conditions and service quality. Residents may feel less safe in specific neighborhood spots, and young people might lack activities or places to socialize. These locally experienced challenges can significantly impact residents’ quality of life and even affect housing prices or drive out private businesses.

To address these issues, a collaborative approach involving various stakeholders is necessary. Assets are required from residents, civil society organizations, local businesses, public professionals (such as teachers and social workers), and politicians. But how does this work in practice? Let’s consider an example. In a mid-sized Finnish city of approximately 250,000 inhabitants, a group of public service professionals working in a socially challenged suburban area took the initiative to co-create innovative solutions for better

liveability. Their goals included enhancing the sense of community in the area and creating new services to mitigate social problems.

The project group actively engaged committed stakeholders, particularly local civil society actors and businesses. Collaboratively, they organized various events, including an art exhibition hosted in a local grocery shop and local get-together gatherings involving housing foundations and the local church as key participants. These get-together events served to bridge and strengthen connections among local citizens, receiving positive feedback from the community.

Additionally, the initiative introduced a novel service model developed during its course. This model integrated resources from civil society organizations, local businesses, and various local public service providers, such as social care and cultural services. Specifically, social services clients with young children were invited to participate in diverse creative activities. During these events, they had the opportunity to discuss their problems and seek support from cross-sectoral teams.

Another example comes from a neighborhood development project situated in a smaller Finnish town with approximately 70,000 inhabitants. Similar to the previous example, the impetus for launching this neighborhood project stemmed from the area’s high concentration of social challenges and the lack of meaningful services and activities for local residents. Given that the project unfolded during the COVID-19 pandemic, many activities had to transition to online formats. One innovative solution employed was Maptionnaire, a map application that allows users to pinpoint locations on a map. In this case, Maptionnaire was used to collect perspectives on the sense of unsafety within the neighborhood. By utilizing the application, project personnel could identify specific areas where safety conditions needed improvement. Additionally, the project leveraged various assets, including collaboration with universities and civil society organizations, to explore ideas for creating more meaningful activities in the area. The project also utilized different formal and semi-formal citizen boards to gather ideas for getting feedback and novel ideas for improving the neighborhood.

Overall, it is noteworthy that, despite good intentions and positive outcomes, residents and other stakeholders remained primarily as ‘consulted’ parties in the presented examples.

While external stakeholders were given opportunities to contribute ideas for the project or participate in certain activities, they were not systematically included throughout the innovation process. As is quite typical for such initiatives, there was no equal opportunity for collaborative design from the outset. As Tuurnas suggests, this pattern is common in many development processes in the public sector context. For project designers and managers in the public sector, the core ideas embedded in collaborative innovations serve as a key learning point for adopting new, open approaches of reaching out to external stakeholders.

Critical summary

The core challenges and dilemmas related to collaborative modes of public sector innovation revolve around equal opportunities and the representativeness of 'external' participants in government processes. These dilemmas are closely tied to the concept of 'usual suspects,' where more affluent and educated citizens often dominate co-creation activities. Consequently, public managers face the tricky task of ensuring that participants truly reflect the diversity of the citizenry. As Perikangas and Tuurnas point out, analyzing citizen inclusion involves assessing both access to the collaborative process and interaction opportunities during development. As for access, there is a need for variety of forums and platforms to create diversity. Additionally, attention to interaction dynamics and hidden power structures is crucial; residents may struggle to decipher the bureaucratic language used by government representatives.

Public sector innovations encompass a range of assets, but managers and facilitators must deftly navigate the delicate balance between openness and good governance. One challenging aspect of public sector innovation is ensuring that participants do not bring their ideological or religious agendas into the process. While public sector organizations value neutrality, managers cannot predict the rationales and expectations stakeholders may bring to collaborative processes. Österberg and Qvist' findings highlight that it is often easier to innovate within established partnerships to mitigate risks. Public sector innovation both drives and challenges good governance, and managers at all levels play a crucial role in balancing these principles with the need for

innovative solutions. Moreover, change resistance in public organizations and fear of value conflicts have been recognized as key dilemmas for public sector innovations. As Agger and Sörensen note, the hierarchical control and red tape, as well as lack of competition and financial incentives, can hamper the willingness to innovate in the public sector context. Therefore, collaborative processes are needed disrupting existing organizational and professional practices and reliance of routines and conventional wisdom, and thus creating a new type of innovation culture.

To overcome the biggest barriers in public service innovations, it is essential to view public sector innovation processes holistically and systemically. While innovative managers, engaged staff members, and active external stakeholders play crucial roles, they are insufficient on their own to implement transformative changes. Supporting structures and an encouraging innovation culture are equally vital. Managing public sector innovation is a delicate balancing act and not an easy role to fulfill. Simultaneously, governments worldwide are in need of innovations. Therefore, skills, supportive structures, organizational culture, and political backing are essential for empowering managers to innovate effectively. As suggested by Perikangas and Tuurnas, meta-design serves as a valuable tool to provide a solid foundation for the collaborative innovation process.

Considering inputs and outputs in public sector innovations is crucial. While introducing collaborative innovation cultures to public sector organizations seems straightforward, increased collaboration also brings potential value conflicts and risks. So why bother? Voorberg and colleagues found in their systematic literature review that improved effectiveness of public services is the most recognized outcome of public innovations. However, other benefits like efficiency or increased customer satisfaction were less frequently detected. These findings suggest that collaborative modes of public sector innovation are not a panacea for all the complex challenges governments face in the current turbulent environment. A question arises: how often do public sector innovation processes merely increase costs and risks without significant gains?

Hartley and colleagues emphasize the need for developing evaluation tools for public innovations. As the authors note, public

innovations are dynamic, and their evaluation changes over time. Some innovations initially deemed failures may find new purpose in different contexts. Therefore, future research should focus on longitudinal analyses of both ‘failed’ and ‘successful’ examples of public innovation. Innovative approaches to evaluation methods would also enhance our understanding.

Further readings

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