

# **Innovation in the Public Service PIPSC Conference 2010**

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# What do we mean by “innovation”?

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- The word “innovation” has many meanings
- In the 16<sup>th</sup> century it was an epithet – “innovation” was evil
- Today it is scattered through many policy documents, often without thought as to what exactly it implies
- In practice it has very direct implications for the organization and development of most human activities

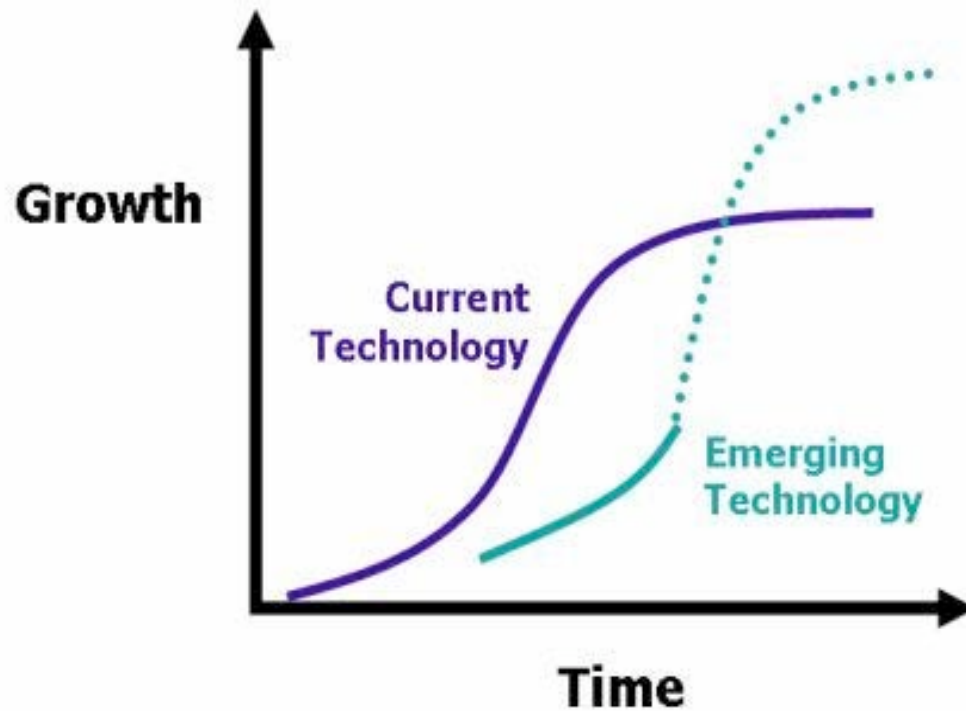
# What is innovation?

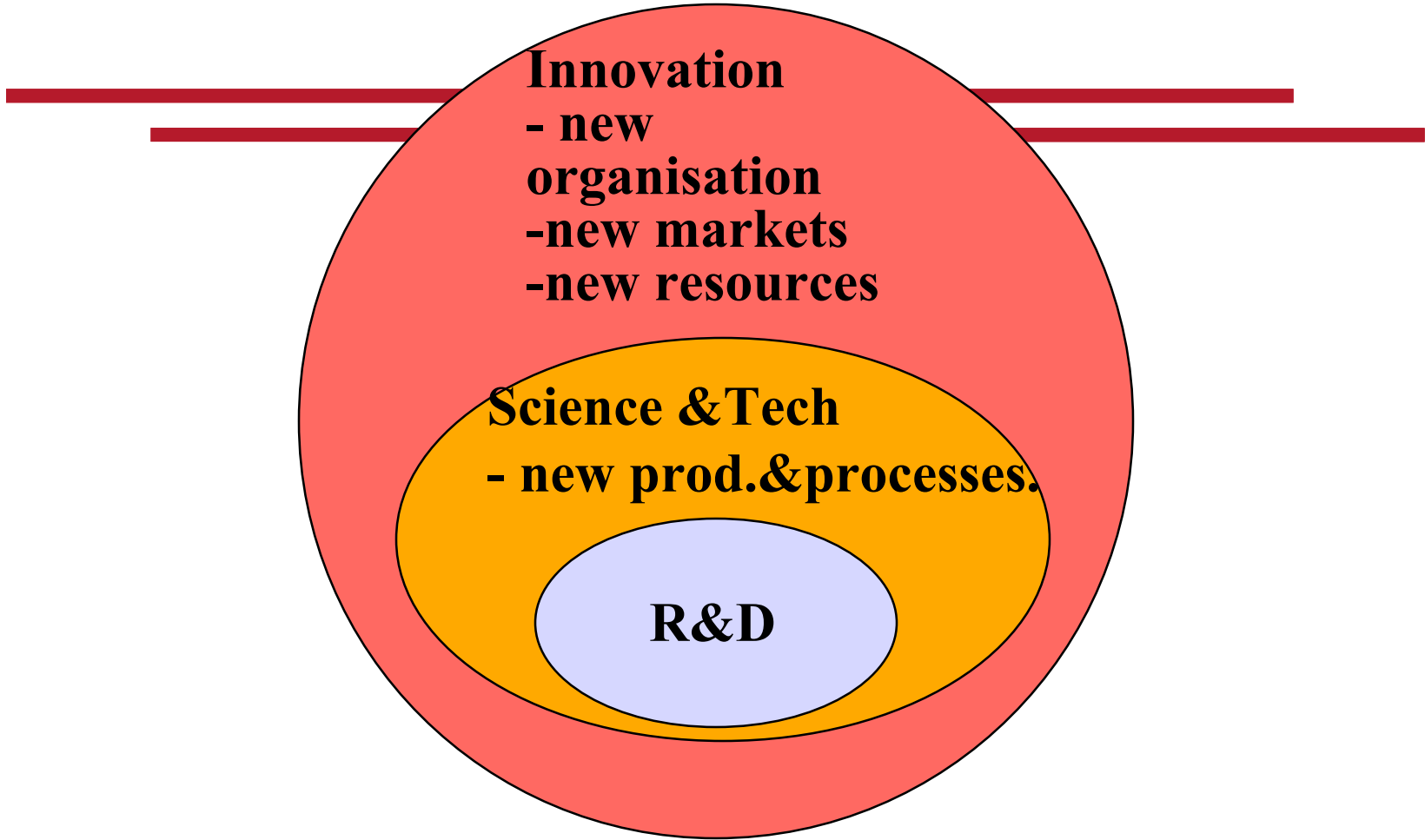
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- **Two views – a social view and an economic view**
- **The social view looks at how innovation are adopted and adapted. The “S” curve; early adopters and late adopters. “Diffusion of Innovation” by Everett M. Rogers**
- **The economic view: Josef Schumpeter: “The Theory of Economic Development”**
- **Five forms of innovation: new products, new processes, new markets, new resources , new organizations**

# The Growth of an Innovation





# Innovation Policy

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- **Policy makers want studies that identify the characteristics of innovation, networks and clusters from which to develop policies that provide both economic and social benefits**
- **Discussions of innovation, networks and clusters are focused on developing policies for various levels of government: municipal, state/provincial and federal**
- **We tend to use the terms innovation, networks and clusters and systems of innovation rather loosely. What are we really talking about?**

# Objectives for Innovation Policy

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- **To identify who are the innovators and what are the innovations**
- **To differentiate between inventors, innovators and implementers**
- **To establish public sector infrastructure to support innovation**
- **And, in this course, how does culture affect these processes?**

# Diffusion of Innovations

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- **As Rogers noted all innovations occur within a social system**
- **Statistics Canada has found that about 80% of all manufacturing industries are innovative, but the vast majority of these are innovative in that they have introduced a product or process that is new to the firm**
- **For the most part, then, the policy issue is how to create the environment that promotes the diffusion of innovations through society**



# Innovation in regulated versus unregulated service industries (source StatCan survey, 1996)

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## Regulated

- innovations are process oriented
- barriers are internal, administrative and regulatory
- sources of innovation include competitors, management and marketing
- trademarks are important IP protection

## Unregulated

- innovations are product oriented
- barriers are cost related
- sources of innovation include customers, suppliers and technology transfer
- copyright, patents and trade secrets are important IP protection

# Innovation in regulated service industries

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- **Regulated services industries such as banks are structurally similar to public sector institutions.**
- **Cost and fear of failure are often cited as barriers to innovation**
- **Lack of skilled personnel, or equipment, or the regulatory environment not a major barrier to innovation; many have R&D departments**
- **Clients and competitors are major external sources of innovative ideas; internal sources are primarily management or marketing**
- **Non-business external institutions such as government, universities, trade fairs or conferences were not important as sources of innovations**

# Government as an enterprise

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- **Government, is essentially a highly-regulated service industry. As with any service industry it can improve its levels of service, which is a social benefit. But it can also improve its productivity which is an economic good**
- **Public service managers do need to innovate to improve efficiency and increase client satisfaction (in certain cases in competition with external institutions**
- **Various governments have stated that they want government to be more innovative. The Government of Canada has committed itself to increasing client satisfaction with the delivery of government services**

# Citizens' expectations of government services

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- **“Governments have a more difficult task than the private sector - they must protect the public interest as well as meet the needs of citizens?”**
  - ❖ agree 53%, neutral 26%, disagree 21%
- **“What quality of service should you get from government compared to the public sector?”**
  - ❖ higher 46%, same 51%, lower 3%
- **Source “*Citizens First*”, Erin Research, 2000 (carried out for the Public Sector Service Delivery Council and the Institute of Public Administration of Canada)**

# Can innovation occur in the public sector?

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- It is often argued that the public sector cannot contribute directly to economic (or social) growth through innovation within its own institutions
- This often opens public sector institutions to criticism that they are an inefficient use of resources. This, in turn, leads to a poor self-image of public institutions, low morale, and lowered productivity
- Increasing efficiency and morale in public institutions is a major policy issue

# Measuring innovation in the public sector

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- **The Oslo Manual is the OECD standard for surveys of innovation in the private sector. It states clearly that it is intended to “cover innovation in the business enterprise sector only”**
- **It admits “Innovation can of course occur in any sector of the economy, including government services such as health or education”, but goes on to state that the manual is designed to deal with innovations in the business enterprise sector**
- **But it should be possible to measure innovation in government using surveys similar, if not identical, to the Oslo Manual**

# Structuring an innovation study

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- **Evaluate differences in innovative strategies between manufacturing and service industries and between regulated unregulated service industries**
- **Structure and test a questionnaire for public service managers based on StatCan survey protocols**
- **Identify a survey frame of operational units at the regional level**
- **Analyse results: differentiate between innovations new to a department versus new to government as opposed to government wide or new to Canada innovations**

# A CPROST pilot study

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- In 2003 CPROST carried out a pilot study of federal regional offices, using an Oslo-type survey
- Regional offices surveyed focused on operational units. Departments included CRA, F&O, HRDC, Environment
- The results showed that Oslo-type questions were entirely reasonable from the point of view of a public service manager (CPROST report 03-08)
- Never pursued due to lack of funding



# More recent interest in Europe

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- **“Innovation in Public Sector Services: Entrepreneurship, Creativity, and Management”, edited by Paul Windrum and Per Koch. See the book review in *Science and Public Policy*, (Vol. 37, #2). Focuses mainly on health services, but includes education**
- **“Innovation in the Public Sector”**. The symposium will be held in Budapest, on 27/28 May as part of the preparatory phase of the Hungarian EU presidency. The discussion will cover three fields of public sector, namely: healthcare, central government and municipal services

# What might PIPSC do?

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- **New Oslo type studies. Perhaps StatCan should carry out a new innovation study in the public sector**
- **Update the literature**
- **Use the results to demonstrate that there is not an automatic separation of the public and private sectors when it comes to being innovative**