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In collaboration with the **European Institute of Public Administration**



## **TOWARDS INNOVATIVE PUBLIC SERVICES**

A framework for the development of the innovation  
capability of European Public Administrations

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**Final Report**



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## Disclaimer

It should be noted that the content of this report is under the responsibility of the authors alone, and does not necessarily represent the views of the Ministry of Civil Service and Administrative Reform of Luxembourg.

## Keywords

Innovation, innovation capability, Innovation strategy, Public sector, Human Resources Management (HRM), Public Service Delivery (PSD), Trends

## Preface

In an economic and political context characterized by unpredictability, fast change, tight budgets and new societal demands, it is essential for public organizations to become more entrepreneurial, agile and responsive to external challenges. Their success as service providers, regulators and employers will depend in future even more than today upon their innovation capacity or their capability to generate and implement new or improved ideas, processes, products, procedures or methods with the aim to achieve value for society.

The key motivator for contracting the Swiss Institute of high studies in Public Administration (IDHEAP), the Luxembourg Institute of Science and Technology (LIST) and the European Institute of Public Administration (EIPA) to carry out this study was to promote the knowledge and know-how in national public administrations of how to upgrade the innovation capability in European public organizations. The focal point of the study is to present to the Directors General responsible for public administration in European states and their experts in public administration and management public service delivery (PSD) and human resource management trends, practices and tools, which pave the way for more innovative and agile organizations.

In the context of increasing competitiveness and growth, research on innovation during a long time primarily targeted the private sector. Only since recently and under the pressure 'to do more with less' and to become more customer-oriented, public sector experts and researchers became more interested in the topic of innovation in public organizations.

Against this background, my interest to launch this study under the Luxembourgish EUPAN Presidency was to present a practice-oriented framework and strategy for developing innovation in European Public Administrations to the reader.

I sincerely hope that the innovative framework described in this study will become a useful tool for public managers to better realize their innovation projects and provide interesting and inspiring practices of how to stimulate innovation at the strategic, tactical and operative level.



Paulette Lenert  
Director General  
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Luxembourg

## PART1 - Introduction

### 1.1 Context of the study

*In contemporary environments, [...], there is a pervasive and increasingly critical focus on the value of new knowledge, innovation, continual change, organizational flexibility and creativity, and the role of the employee in their achievement. (Ferguson/Burford/Kennedy, 2013, p.169)*

In March 2010, the European Commission launched a 10-year strategy known as Europe 2020. It aims at “smart, sustainable and inclusive growth” with greater coordination in national and European policy. The success of this strategy relies on the ability of private and public actors to develop Knowledge-intensive Innovations. This study will explore the emerging practices and challenges in Human Resources Management and Public Service Delivery (PSD), which may support innovation capability development in Public Organizations. Reviewing the HRM & PSD practices that support innovation in public sector organizations gives us the opportunity to understand the most inspiring practices which may contribute to reaching the objectives of the 2020 agenda, and, consequently, achieving a better understanding of innovation processes within the public sector.

Both professional and academic literature emphasizes the lack of research into innovation processes in public organizations, but also more broadly into public policies and management, which are innately knowledge-intensive. Due to the complexity of the environment, a traditional “push model” of innovation appears as less relevant than an “open” approach for tackling challenges that public organizations have to face. Open Innovation approaches are based on the empowerment, or at least the involvement of users (private companies as well as citizens) in the design of new services and more generally, in public service delivery (PSD) approaches. The involvement of employees from all hierarchical levels has also proven to be crucial to boost innovation processes, and in this regard, the potential of Human resources management practices (HRM) have to be systematically explored.

Moreover, some peculiarities of innovation in the public sector may be underlined, such as politically determined and potentially contradictory goals, the legal framework which constrains innovation initiatives, limited resources due to budget cuts and lack of (financial) rewards, absence or low level of competitiveness, captive “customers” with a low level of uncertain acceptance, open procurement processes (Gonzalez, Llopis, & Gasco, 2013). This is not to mention the risk-averse culture, which is reinforced by accountability to the public, transparency and access to information. All these factors may be considered as serious barriers to innovation. On the other hand, there are some key drivers for innovation in the public sector, such as political ambition, public demand (citizens, business, third sector) and a tightening of resources (Rivera León, Simmonds, & Roman, 2012), not to mention reform initiatives, in line with new public management and new governance principles, which directly or indirectly contribute to stimulating innovation.

In the first part of the report, the main objectives, research methodology, and key definitions will be presented. This part also summarizes the main PSD and HRM trends, at the background of the development of our model of innovation capacity. The second part is devoted to the detailed presentation of a model, made up of five "Innovation Capability Components" (ICC), and which is at the very heart of the report. Each of these

ICCs is structured following the same logic: the PSD and HRM practices related to this ICC, then integrated ICC components, followed by two inspiring practices (brief description and incorporated PSD and HRM practices). This part concludes with the description of the complete Innovation capability concept. The third and final part of the report highlights the key steps towards an effective innovation strategy, with corresponding recommendations and a dashboard.

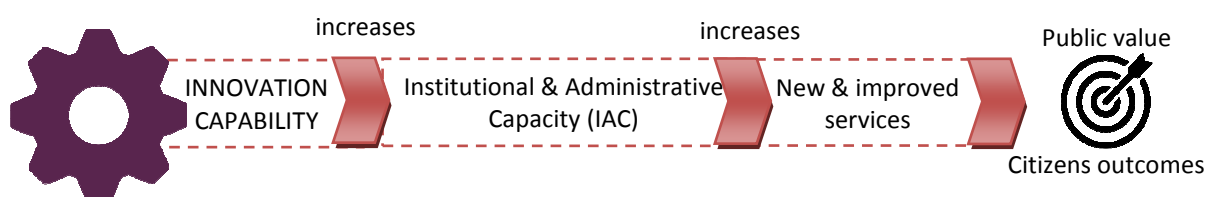
## 1.2 Main objectives and research methodology

The following objectives have been set for the project:

1. Identify the most relevant innovation-enhancing bundles of practices in the field of Public Service Delivery (PSD) and Human Resources Management (HRM);
2. Identify and describe inspiring practices that illustrate these bundles and promote innovation. These practices will be identified in such a way that they provide concrete examples and ‘solutions’ to innovation challenges;
3. Formulate recommendations and innovation-enhancing strategies for the EU countries, in line with the 2020 agenda and open government principles, with a specific attention to trust and transparency.

In order to reach these objectives, a classical state of the art analysis was conducted, screening major scientific and consulting databases (from 2009 to 2015), and ending up with more than 80 documents on the themes of interest, and summarizing the main challenges and trends in PSD & HRM, with a specific focus on innovation. Thus, a data collection template and interview guidelines were developed to identify inspiring practices in the two key topics. The selected practices (5 PSD and 5 HRM inspiring practices) are creative and display uncommon ideas to boost innovation; sustainable by their propensity to be long lasting; with proven impact or results; and adaptable/transferable in the same or in other areas of activity. Most of them come from the EPSA contest. The last part of the study (part 3.) is devoted to the presentation of a four-step approach to designing an effective innovation strategy, with corresponding bundles of recommendations and a dashboard. More details on the methodology can be found in annex 1.

The underlying philosophy of the project is to foster the European public administrations' innovation capability<sup>1</sup> (as a core concept in our overall framework) in delivering public value and citizens outcomes according to the principles of open government. In this regard, the pursued innovation *value chain* may be summarized as follows:



The innovation capability (IC) is anchored at the organizational level and represents a kind of macro-competence composing five different components, called “innovation capability components” (ICC) which will be described in the second part of this report. These five components are dynamically interrelated and are made up of a mix of HRM & PSD practices organized in bundles (see below, in part 2 of the report). The development of the innovation capability through selected practices and recommendations will ultimately increase public value and citizens outcomes, defined as the global societal value shared by all actors: more user-friendly and effective public services, based on high quality and transparent decision-making, and greater trust in public institutions as well as performance improvements and efficiency. During this process, employees, citizens and other stakeholders become active co-designers and producers of public services.

<sup>1</sup> A *capability* describes the organization’s ability to deploy resources to achieve a desired outcome

### **1.3 Key Definitions**

The following definitions and concepts will be used in this report.

#### **Innovation (in the public sector)**

Innovation may be defined as “the intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, organization or wider society” (West and Farr 1990), (p. 9). The OECD (2012) defines public sector innovation as the ‘implementation by a public sector organisation of new or significantly improved operations or products’, covering both the content of the services and products, and the instruments used to deliver them. But public sector innovation is also “the process of creating new ideas and turning them into value for society” (Bason, 2010). Considering the societal dimension of public services, innovation is also frequently presented as ‘social innovation’ and is related to the creation of new services valued by stakeholders (such as citizens) in terms of the social and political outcomes they produce (Lewis and Ricard, 2013).

An important distinction should be made between two kinds of innovation (Osborne and al, 2011):

- *Incremental innovation*, which implies a continuous improvement process according to the well-known PDCA cycle initiated by Deming (Deming, 1986), one of the pioneers of the Quality Management Movement. Incremental innovations are extremely important, because they contribute to streamlining the production processes and lead to more efficiency, shorter delivery delays and decrease of errors and other shortcomings. Furthermore, these kinds of innovations are essential when addressing the ever-green expectations of politicians (and citizens) to do “more with less”.
- *Radical innovations* are in fact completely different, because they suppose a sort of breakthrough, with well-known processes and habits. Radical innovation may concern new ways of delivering public services and of course new public services (and products) as such. The individual and organizational competencies which support radical innovation are also very different from those supporting incremental innovation.

Radical and incremental innovations are not mutually exclusive. On the contrary, incremental innovation processes and competencies may support radical innovation, and both types of innovation are necessary. Public sector activities should be considered innovative if, irrespective of the type of changes they make to the configuration of public sector entities, they lead to a decrease of the costs of service delivery and if they raise the quality of services and the creation of new services for new or existing societal needs through the content and/or the process of service (Technopolis, 2012). Ultimately, they may contribute to increasing the impact and outcomes delivered by public policies and programmes; what we call public value and citizens’ outcomes.

#### **Innovation capability (IC)**

“An organizational capability refers to the ability of an organization to perform a coordinated set of tasks, utilizing organizational resources, for the purpose of achieving a particular end result.” (Helfat and Peteraf, 2003, p. 999). For public organizations, organizational capabilities are generally known as Institutional and Administrative Capacities (IAC).

IAC would be considered as results to be achieved, supported by some capabilities, such as (in our point of view) innovation capability. We state the hypothesis that public organization must upgrade their “administrative capacities” thanks to innovation capability. Innovation capability – also referred to as Dynamic

capability – is the capacity to renew organizational capabilities: to develop new products, alliances, absorptive capacity (i.e. the capacity to absorb knowledge from external stakeholders).

### **Public Value**

Public value is defined as the global societal value shared by all actors in society (DG Connect, 2013). The focus is thus more on maximizing positive outcomes in terms of public value and citizen outcomes than on minimising costs. This means more user-friendly and effective public services, based on high quality decision-making and greater trust in public institutions as well as performance improvements and efficiency.

### **Open Government**

Open Government Principles could be synthesized into 3 key notions: Transparency, Collaboration & Participation (DG Connect, 2014).

*Transparency* is linked to trust which in turn is linked to accountability. Considering information treated and produced by public organizations as part of the public domain (Chapman & Hunt, 1986), trust and accountability are vital since they increase the legitimacy and security of data processing. Being transparent about how the service will be delivered means that citizens and entrepreneurs can set expectations on time, process and delivery... Pragmatically speaking, practices inherent to reporting and monitoring are relevant to transparency (information systems, timelines, dashboard.., etc.) as well as the 'open access' to Government Data.

*Collaboration* consensually appears as the heart of new service delivery models, harnessing the power of all parts of the economy to drive better outcomes. Hybrid organisations that combine elements of private, public, and social sectors will increasingly shape these new models. Of course, some services will still be delivered by standard public organizations; public sector innovation simply recognizes that diversity in organisational models is increasing. The global trend highlights user-driven organizations and personalized services enabled by effective decision making processes (DG Connect, 2014). Concretely, in terms of practices, it is highly recommended to break down silos and pyramidal structures, to foster horizontal interactions.

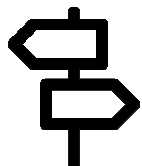
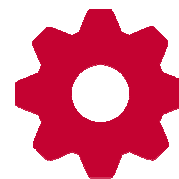
Regarding *Participation*, the concept of 'distributed innovation' is also used. This means frontiers are less and less clear in the frame of an evolving dialogue between diverse stakeholders (Bowden, 2005), implying new roles for citizens as active producers of services (or "co-designer"). The following practices provide some illustrations: citizen consultation; inclusive deliberation with citizens, and working on joint design policies with citizens, leading to what we may call distributed leadership among a network of stakeholders active in the same policy field.

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HRM and PSD have been subject to tremendous evolutions in recent years, as reported by numerous surveys issued by international institutions like the Boston Consulting Group (BCG), The European Public Administration Network (EUPAN), the European Institute of Public Administration (EIPA), the Innobarometer etc.. These studies also formulate prospective trends summarized in the following sub-chapter.



## **1.4 Human resource Management Trends**



Human resource management in the public sector will face tremendous challenges in the coming years. The main trends identified in the literature pertain to managing change and cultural transformation, demographics, well-being and health management, ethics and social responsibility, internal and external branding, knowledge management and learning, commitment enhancing practices, reward and recognition management, training the leaders, employability, professionalization, and business partnerships. Here are short presentations of these trends. More details about the HRM trends are provided in Annex 2.

### **Managing change and cultural transformation**

The management of organizational change and cultural transformation should contribute to the transition from a bureaucratic mind-set to a more entrepreneurial and customer-oriented public sector organization. The role of the HR function should therefore aim to assist line managers to enhance a climate for change and innovation.

### **Managing demographics**

As the Baby boomers generation reaches retirement age and will be replaced by the Millennials, the need to implement a comprehensive system of organizational demographic management becomes more and more urgent in many countries, especially for managers and specialists.

### **Well-being and health management**

Workplaces have to be the avenues of professional and personal fulfilment in a safe and healthy environment: this is one of the most important (social) responsibilities of the employer. Employee well-being is seriously hindered by poor work environments and management styles obsessed with efficiency and performance, eventually leading to burnout and other illnesses. An adequate design of work, workplaces, work processes, and employment relations may prevent routines from hampering creativity and innovation.

### **Ethics and social responsibility**

Ethics and social responsibility are strongly rooted in the public sector's traditional principles of equality, fairness, respectfulness, and citizenship. The ability of public administration to stick to these core values is constantly being questioned. The HRM trends in the public sector mostly stem from its social responsibility, and the role public organizations, which are at the frontline of public action, have to play in setting the standards of employment policies and practices.

### **Employer branding to foster its attractiveness**

Inherited from market research, branding is culturally alien to the public sector. In order to gain visibility for the most interesting intrinsically-driven professionals (notably by Public Service Motivation, PSM), public sector organizations should develop their branding capacity on the labour market, in order to be attractive and competitive.

### **Knowledge Management, becoming a learning organization**

Facing increasingly complex social demands and accelerated reforms, public sector organizations should be better armed with the right knowledge to keep pace. Managing and increasing knowledge capturing as well as knowledge transfer and creation are now compulsory to support any organizational innovation strategy. It also supposes the existence of ongoing training for public employees (civil servants). Public organizations need to make sure that their employees are properly trained to meet the challenges of a changing public administration.

### **Commitment enhancing practices**

Employee support and development is one of the most important drivers of motivation, engagement and retention (Deloitte 2014), but also of innovation. As most people are now looking for a job that inspires, impasses and fulfils their professional, personal and social goals, organizations must devise new ways to attract and committing them.

### **Performance management, rewards and recognition**

A good performance management system is the prerequisite for a motivating reward system (financial and non-financial) that is perceived as fair and just and that can support innovation. Linking individuals with team and organizational objectives is one of the key success factors for innovative organizations, but innovation-oriented behaviours (individual as well as collective) must be identified and rewarded.

### **Rethinking leadership competences and styles**

Leaders should also inspire others to perform and innovate as well. This is why leadership development must be part of the global HR strategy and supported by a genuine culture with reference individuals to coach and support prospective leaders. In addition, flattening organizations requires transformational and ethical leadership, in order to support employees in their enriched responsibilities.

### **Training and employability**

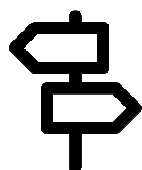
Investment in people (such as training and continuous development) will enhance the employability of staff, and therefore increase their chances of being hired within other governmental sectors or outside the public sector. Furthermore, investment in ongoing training addresses one of the crucial expectations of the new psychological contract in the public sector, i.e. the willingness to acquire new competencies.

### **Reskilled HR professionals and business partnerships (HR as a strategic partner)**

The acknowledgement that merely acting on an organization's structures and processes is not enough to impulse valuable change has become widespread with the development of the strategic HRM research. HR departments thus need to develop a sound knowledge of the organization's core business as well as the ability to measure their added-value following the latest standards (qualitative, quantitative and financial).

All the above mentioned trends will be addressed by public sector organizations only if HR specialists, as strategic partners, and line managers collaborate effectively to implement cutting-edge HR practices. In the following paragraphs, we present the dominant PSD trends for the future.

## 1.5 Public Service Delivery Trends



Following the big NPM (New Public Management) reforms of the last two decades, the legitimization of government action has become pivotal to public service, setting new paths to follow for public authorities. The following trends are and will continue to be dominant in the field of public service delivery: the necessity to improve efficiency, the growing importance of public value, transparency and Accountability, stakeholder inclusiveness through more participation and collaboration, and keeping pace with the digital revolution. Here are short presentations of these trends. Further details on PSD trends will be provided in Annex 2.

### **Improve public service delivery efficiency**

Commitment to advance public service delivery efficiency remains a major trend in PSD. Since the debt crisis, Public Service spending has dried up in many countries (PWC, 2013). Efficiency will continue to be addressed by applying New Public Management principles to operation management. To become more efficient, public organizations have to develop their capacity and innovate.

### **A new Public Value expected**

Expectations of public service delivery should be expressed not only in terms of efficiency, but also according to the public administration contribution to a pre-defined political and socio-economic objective.

### **Transparency and Accountability as increasing expectation**

The demand for more transparency and accountability is also a major trend. To be accountable, public organizations should be more transparent for its stakeholders. This trend leads to the development of “modern or participatory” governance.

### **Participation and collaboration**

There is a growing trend to involve citizens and other stakeholders in the public decision making process (Hartley et al., 2013). The actions of future public administrations should be based more on a participatory approach. The involvement of stakeholders requires collaborative capability and a new organizational design.

### **Collaboration and transverse Organizational Design**

Collaboration in public organizations occurs in various settings: “both in a vertical context through levels of government and in a horizontal context in which an array of public and private actors are mobilized” (O’Toole and al., 2005). New perspectives associated with innovation tend to require organizational arrangements that allow a larger integration of both vertical and horizontal context. Thus external actors are mobilized to collectively define, design, produce and assess new public services.

### **A Digital Revolution**

None of the above trends are possible unless a system based on Information and Communication Technologies (ICT) is set up. The impact of the latter on the delivery of public services is a key trend. Technologies should continue to enable governments to meet new demands for online services, to tailor services to individual needs through service personalization, and reduce transaction costs (OECD, 2012, DG Connect, 2013). Many reports acknowledge a progress made by the state in using these technologies to increase the delivery of public services.

There are still improvements to be made, and there are new opportunities arising, especially thanks to Digital technologies (Social Network, Mobile, Cloud Computing, Big Data). Digital Technologies will continue to support public organizations in the achievement of transparency, openness, stakeholder's involvement and collaboration. The innovation capability necessary to meet coming challenges will be based on Digital technologies.

Part 2 is devoted to a detailed presentation of our conceptual innovation framework, designed towards public value and citizens' outcomes.

## PART2 – A framework for innovation

### 2.1 The conceptual framework – holistic approach

Innovation is not related to one specific HRM or PSD practice. For each of these two domains the literature has clearly demonstrated that innovation has to be supported by different combinations, called *Bundles of practices*. Moreover the research team of this project, in the course of their analysis, came to the conclusion that only the interaction between HRM and PSD practices was decisive in the fostering of innovation. Therefore we started to develop an integrated framework for innovation, searching for mirror practices between HRM and PSD. It appears that one of the most important aspects of an innovation strategy is the implementation of an integrated system. This requires adequate organisational and institutional environments. The main purpose of our integrated framework is to boost what we have called the innovation capability of public organizations. This capability refers to the ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments in a completely novel and innovative way. The production of resilient States and public sector organisations is thus facilitated.

The next section presents the different components of Innovation Capability (ICC) which will foster innovation within public administration: Innovation culture, Leadership, Expert knowledge, Stakeholders involvement and Innovative work design.

The following pages describe the content of these innovation capability components, according to the same sequence:

- A description of the parts (Key PSD and Key HRM practices) included in each component.
- The result of merging between PSD activities & HRM activities and the corresponding mirror effect.
- A synthetic description of inspiring practices illustrating each component. These inspiring practices are detailed in Annex 3.

Thus the analysis focuses on the linkages between Key PSD and HRM practices associated to each component. Supplementary linkages with other innovation capability components are found in Annex 3.

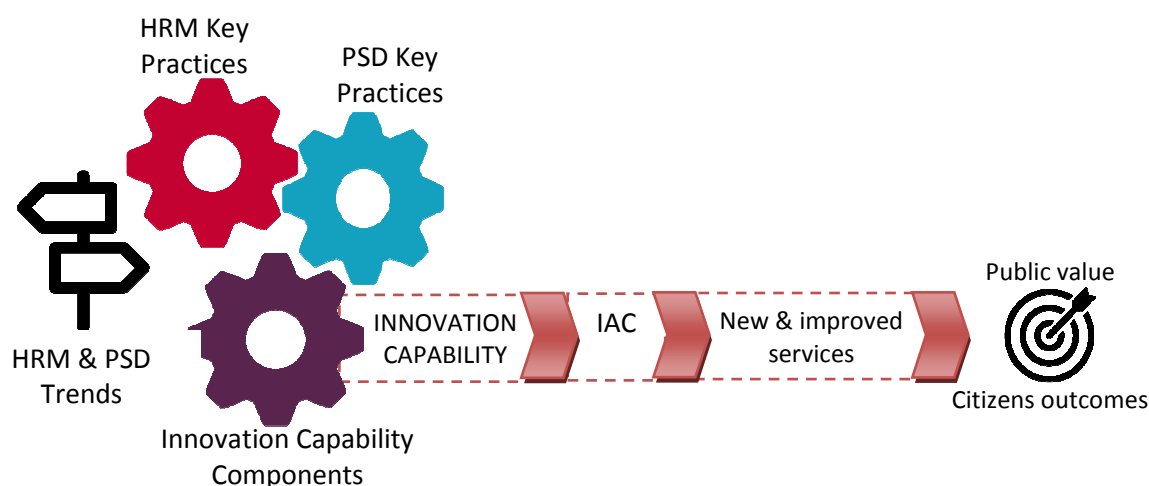
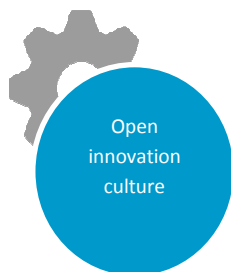


Figure n°1: New framework for innovation

## 2.2 Innovation Capability Component: CULTURE

### 2.2.1 Added Value from PSD practices



Scholars seem to consider innovation in the public sector as an open participatory process involving public agencies and civil society rather than an “in-house” process: “it is essential that public policymakers understand their importance as institutional actors in the process and that innovation requires attention both to its organizational and societal contexts, and to the networks and interactions of public services, rather than solely to internal organizational configurations” (Osborne, 2011:1343).

Accordingly, public administration culture has to be aligned in order to allow for an open innovation process. Chesbrough, Vanhaverbeke, and West (in Merger, 2013) defined open innovation as “the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively”.

This conception assumes that an “organization can and should use external ideas as well as internal ideas, and internal and external paths to market, as they look to advance their technology”. Brabham (in Merger, 2013) completed this vision considering it is a way to “leverage the collective intelligence of online communities to serve business goals, improve public participation in governance, design products, and solve problems”. This way, the organizations, instead of relying solely on their own employees, involve external parties in idea generation, collaborative experimentation, and problem-solving processes.

To enable the development of open innovation culture, different general dimensions have to be taken into account (Denison, 1990): Mission (Strategic direction and intend, Goals, Objective and vision); Adaptability (Creating Change, customer focus, organizational learning); Involvement (empowerment, team orientation, skills and competences development); Consistency (Core Value, Agreement, and Coordination).

So, we can resume the key PSD activities contributing to innovation oriented culture as follows:

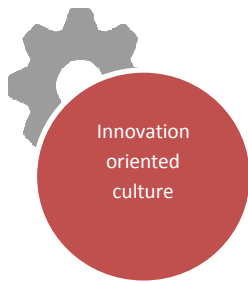
#### PSD Practices

- ✓ **State organizational strategy & values consistent to innovation**
- ✓ **Promote & manage a risk culture**
- ✓ **Build partnership with innovation lab, hub, factory**

Building a sustainable reform as open innovation culture requires partnerships, with private sector and civil society. Also in order to reaffirm public sector values and link them with policy implementation and outcomes, the partnerships should foster true openness and transparency: using all channels, including IT and web-based tools (e.g.: legal frames for an access to public information, codes of conduct, simplification of procedures and processes, events, ICT-based public initiatives to “open” government); strengthen the integrity in the public sector and ensure public scrutiny: legal bases or codes of conduct for country practices; and promote and implement cultural change in the public sector: focus on citizens as customers, rather than maintaining a looking-inside perspective, which means: taskforces, agendas, cross-border levels of initiatives.

Of course, internally, there is a need for specific HR practices to support this cultural deployment.

## 2.2.2 Added Value from HRM practices



“There are at least 10 times more studies on innovation in the private sector as in the public sector” (Rivera León et al., 2012, p. 4), a difference even greater in the field of innovation-oriented HR practices. This is probably due to the restrictive and rigid legal framework, and more generally to the (partially stereotyped) characteristics of the administrative culture in public sector organizations. Many publications emphasize the routine-oriented, low risk and experimentation averse culture of public sector organizations in general (Peters & Pierre, 2004; Thom & Ritz, 2013). From the point of view of politicians, it is more prudent to support routinized, stable and standardized administrative procedures, in line with the Weberian approach of public administration (du Gay, 2005). Influenced by this culture, leaders (public managers) in the public sector tend to display a vertical, command and control oriented leadership style (Moynihan & Van Wart, 2013), instead of developing so-called soft motivators by empowering subordinates.

Organizational features (silo, hierarchy) as well as procedural “red tape” are additional factors impeding the innovation capabilities of public organizations; not to mention the lack of competition and sanctions in case of underperformance. Finally, citizens’ acceptance of public sector experimentation, or even failure, is quite low, which may discourage employees to innovate. In that respect, the doctrine of New Public Governance views citizens as active clients and co-creators/co-designers whose inclusion in the innovation process could increase their trust in the state, improve their acceptance of innovation experimentation and ultimately lead to improved success in delivering new products and services (see “open innovation culture” in the PSD part of this report).

Following Wynen and al (2014), an innovation-oriented culture fosters innovation and the innovation-oriented behaviors of employees. The aversion to risk and anti-innovation public sector culture should be addressed: innovation has to be encouraged and rewarded, built on trust and a spirit of learning-from-mistakes developed, with experimentation allowed (Rivera León et al., 2012).

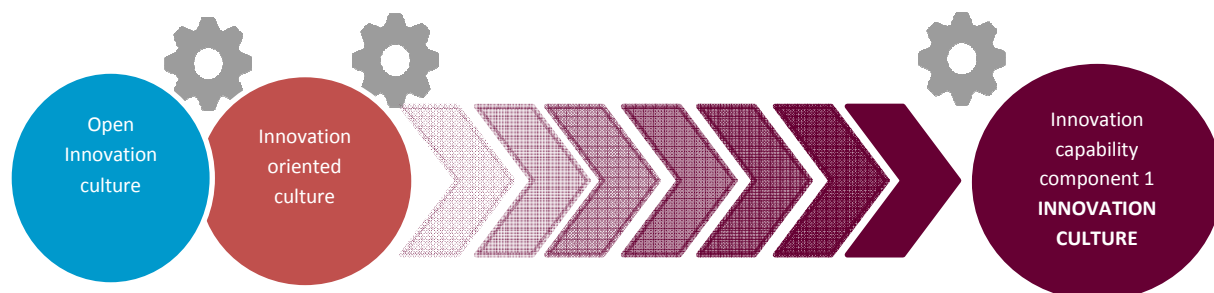
### HRM Practices

- ✓ **HR policy and chart (creativity, openness and receptiveness to new ideas), and strategic alignment with Innovation-Oriented Strategy of the organization**
- ✓ **Staffing for innovation: competencies and motivation, diversity of leaders and employees**
- ✓ **Collective appraisal/rewards and recognition for innovation**
- ✓ **Distributed heroism towards innovation**
- ✓ **Organizational slack and experimentation**

Without a clear innovation-supporting HR policy, which in turn is aligned with an organizational strategy focused on (among others) innovation, innovation may not be taken seriously and supported by managers at all levels of the hierarchy. Innovation is often not due to isolated individuals (innovators), but due to a collective / distributed effort of all employees (and also external partners, stakeholders and citizens).

Some crucial HR practices (notably staffing, appraisal and reward) should concretely support and reinforce this culture, as well as some organizational features such as time flexibility for innovation. Organizations which place strong emphasis on efficiency and performance may hinder innovation, because people do not have always time to think and try new ways of working, share ideas and take some risks (Potts, 2009).

### 2.2.3 Mirror effect for the Innovation Culture component



The culture of public sector organizations (in general) may be defined as a strongly formalized, centralized, rule-bound and silo-bound legal culture. Nevertheless, several practices have been identified as catalyst of an innovative culture within public administration.

From the PSD perspective, the cultural dimension is also decisive for fruitful interactions and cooperation at every stage of the innovation process. This means promoting a public culture that is characterized by true openness and transparency.

Also, it is recommended to pay significant attention to the content of the practices hereafter, related to HRM activities & PSD activities, which may foster an innovative culture inside and outside the organization with all the concerned stakeholders.



## 2.2.4 Inspiring practices illustrating this component

The examples presented below and termed *Inspiring practices* are illustrative of the theoretical practices described in our model. It is possible to start with PSD issues or HRM issues with the underlying logic that both have to function together in order to yield their full integrated potential.

**MindLab (ML)** is the Danish example of a public sector innovation lab. ML is a cross-Ministry innovation lab that facilitates the active involvement of citizens and businesses in developing new public sector solutions. ML specialises in facilitating discussions between public servants, citizens and businesses in community settings. It uses the outcomes to redesign public policy and service delivery in key areas. Established in 2002, ML is jointly owned by three ministries and one municipality. ML is an innovation lab with a specific dynamic of internal governance thanks to an open innovation culture.

**'A Wealth of Ideas'** is a best practice model on how to facilitate an open innovation culture in the Danish health sector. The new innovation culture was launched through the 'A Wealth of Ideas' scheme, setting out to do the impossible: to make the obvious move to boost public sector innovation by inviting frontline staff to come forward with their innovative ideas. The hospital decided to foster innovation across the organization, strengthening the visionary employees to work across departments and at the same time reach out to partners in the private sector.

*Illustration of innovation capability component CULTURE (more details in annex 6)*

### **According to key PSD activities**

- ✓ Organisational values consistent to innovation

The ML mission is to work with its owners to create change which generates the desired value for citizens, businesses and society, and which is also reflected in the values of the participating organisations.

- ✓ Building partnership with innovation lab

ML is the result of a strong inter-administrative collaboration – without it, the dynamic of governance cannot operate. There is an explicit orientation to open innovation at strategic level.

- ✓ Promote & manage a risk culture

ML is using human-centred design as a way to identify problems and develop policy recommendations. ML adopts experimental methods to tackle both social and public issues.

### **With mirror effect from key HRM activities**

- ✓ Organisational slack and experimentation

ML can be viewed as an attempt to create an organisational response to innovation barriers in public administration and is based on the idea that the competencies and mind-sets needed for systematic innovation are not the same as those required for stable, daily operations and service delivery at the front line.

- ✓ Staffing for innovation

ML is not responsible for public service delivery as such: the staff work closely with agencies across the government, and with external partners, to fund or support new solutions.

### **According to key HRM activities**

- ✓ Organisational slack and experimentation

'A Wealth of Ideas' is an invitation to all employees to come forward with their ideas on how to improve patient flow and patient satisfaction at Denmark's university hospital, Rigshospitalet.

- ✓ HR policy and chart and strategic alignment

'A Wealth of Ideas' is a project on changing organizational culture and on introducing a culture of creativity, openness and receptiveness to new ideas.

- ✓ Collective appraisal/rewards and recognition for innovation

The support scheme and the scholarships established under 'A Wealth of Ideas' reflect the existence of a reward programme that encourages innovation and provides work time devoted to developing new ideas

- ✓ Staff for innovation

'A Wealth of Ideas' provides the time, resources and access to executive decision power that can clear the road to proven concepts and implementation.

- ✓ Distributed heroism towards innovation

The implementation of the project was strongly facilitated through the active involvement of the Board of Directors and thus through the creation of a supporting culture in terms of a participatory approach towards innovation.

### **With mirror effect from key HRM activities**

- ✓ Promote and manage a risk culture

'A Wealth of Ideas' is an example of an explicit open innovation orientation at the strategic level, where experiments and prototyping of innovative actions to carry out innovative activities were supported by the call for ideas.

- ✓ State organisational values consistent to innovation

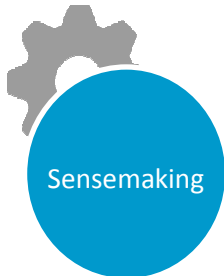
The open innovation culture was established at the strategic level through the hospital's management.

- ✓ Build partnership with innovation

In the pilot projects staff and patients were involved in the design and further development of specific services.

## 2.3 Innovation Capability Component: LEADERSHIP

### 2.3.1 Added Value from PSD practices



In organizational terms, Public Administration is an attempt to order flux of human action through generalizing and institutionalizing meanings and rules. Any changes imply modifying both meanings and organizational rules. Accordingly, the act of making sense of and giving sense to a new vision of Public Administration constitutes key processes involved in instigating and managing innovation. Innovation is linked to fears of the unknown. In some circumstances, this fear may be a real barrier to innovation. In order to avoid such barrier, “the best way we can do [this] is to make sensemaking a core individual, team, and organizational capability” (Acona, 2012:15). Sensemaking and Sensegiving have been highlighted by scholars as key leadership activities in times of organizational transformation. In other words, Leadership is crucial to innovate.

Coined by Weick, Sensemaking refers to “the making of sense” (Weick, 1995:4). It could be defined as a process of “structuring the unknown” (Waterman, 1990, p. 41) by “placing stimuli into some kind of framework” that enables us “to comprehend, understand, explain, attribute, extrapolate, and predict” (Starbuck & Milliken, 1988, p. 51)”. Sensemaking consists of creating an emerging picture that becomes more comprehensive through data collection, action, experience and conversation. This organizational capability relies on public managers who are able to facilitate change by producing meaning and share it with internal and external stakeholders.

#### PSD Practices

- ✓ **Collective observation and discussion of the situation**
- ✓ **Develop a shared understanding of the situation**
- ✓ **Ensure learning action**

Sensemaking is required in order to remove individual and collective barriers to innovation. It could be achieved within three practices. Making sense of a situation implies collectively exploring the wider system. Wider system exploration requires looking at each new situation with an open mind. Based on the data and knowledge collected, a shared map of the current situation is created. It implies putting the emerging understanding into a new framework to provide actors with order. It advises us to “use images, metaphors and stories to capture the key elements of a new situation” (Ancona, *Ibid*, p.10). But, a shared map is just a piece of knowledge about a system or a situation. For this reason, the people involved have to act on the system or situation to learn more about it. Indeed, we usually learn more about a situation by acting in it and then seeing what happens. Action is a key sensemaking tool. It is often wiser to begin with and to learn from experimentation before acting in order to drive change across the larger system.

### 2.3.2 Added Value from HRM practices



A growing number of publications address the potential positive impact of leaders' attitude on innovation initiation and adoption, as leaders may create a favourable climate towards innovation, and "facilitate innovation by providing support to organizational members for proposing new ideas, building coalitions among different constituencies, and helping coordination and conflict resolution among units and members" (Savoie, 1994, p. 501).

Leaders strongly influence the performance of organizations, and sometimes represent the most influential factor of success (Montpetit, 2011).

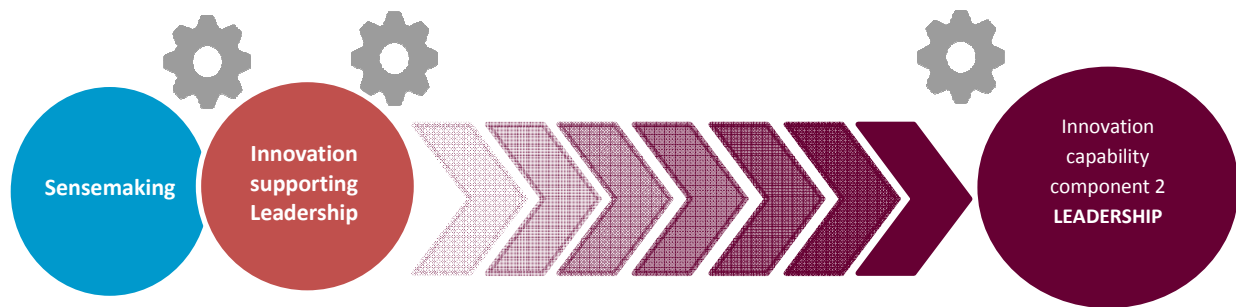
By facilitating entrepreneurship, supporting change processes and empowering people, the so-called transformational leaders play a key role in innovation, also in the public sector, where the culture is commonly described as risk-adverse and routine-oriented (see above). Furthermore, ethical leaders build trust and emphasize openness, transparency and optimism (van Wart, 2013, p.560), factors that are very important in networks where leaders are embedded gradually due to open government practices. According to van Wart, leaders are (frequently) the most important factor leading to success; they need to facilitate change by encouraging and rewarding innovation and creativity. Horizontal, collaborative (= outside the organization, in networks) or distributed leadership is also very relevant for innovation: delegation can be leadership at best, in a well-educated society and a world of fast changes. Such leaders build communities and foster mutual learning and problem solving. And finally, ethical leadership is essential to build trust and integrity, emphasize the positive, leading to openness, transparency and optimism (Montpetit, 2011). Empowerment of employees is overall important and lets them contribute and adds value in a supporting environment based on trust and openness (Ferguson, Burford, & Kennedy, 2013).

#### HRM Practices

- ✓ **Transformational leadership building**
- ✓ **Collaborative and distributed leadership building**
- ✓ **Delegation and empowerment oriented leadership (ambidextrous)**
- ✓ **Ethical Leadership to build trust and transparency**
- ✓ **Competency for innovation (processes, methods)**

Transformational, distributive and empowering leadership features are constantly mentioned as key assets in a fast changing environment in recent literature focused on public sector leadership. Of course, leadership styles will be influenced by the organizational culture, but also in a reverse way, play a crucial shaping role for the organizational culture. Leadership style may be checked during the selection process, and evaluated and trained during the career of managers at all levels. The ethical dimension of leadership is increasingly highlighted, as leaders' contribution to the dissemination of values – like trust, transparency, but also authenticity or respect and confidence - has proven to be essential. Finally, leaders should also be comfortable with innovation processes, methods and tools as such, because this instrumentation is not confined to some "innovation specialists", but is the concern of every manager (and employee).

### 2.3.3 Mirror effect for the Leadership component



Distributed leadership (among leaders AND employees at the front line) is essential to succeed in innovation: to be engaged in various, shared, emergent and interactive leadership activities (Meijer, 2014). So, particular attention should be paid to leadership skills development. Individual skills are important but not sufficient. Sensemaking should be supported by a set of requirements in order to ensure involvement of stakeholders.

### 2.3.4 Inspiring practices illustrating this component

The examples presented here and termed *Inspiring practices* are illustrative of the theoretical practices described in our model. It is possible to start with PSD issues or HRM issues with the underlying logic that both have to function together in order to yield their full integrated potential.

The Finnish project “**Development of Wellbeing and Civil Safety in Municipalities**” is an example of a sensemaking project which through strengthened cooperation and administrative efficiency aims to improve service delivery at local level and counteract exploding costs in the social welfare and health sectors.

Leadership was provided by the Regional State Administrative Agency Lapland which acted as a middleman bringing local needs to the attention of the national level and translating national goals to the regional and local level. A permanent cooperation model between NGO’s and the third sector and business organisations in rural regions. The cooperation is contract-based and has a permanent status in city and municipal service provision, including mechanisms for the involvement of the third sector in policy making and strategy development.

‘The Belgian project ‘**Leadership development in the Federal Public Service Finance**’ is an inspiring example of how to introduce a new leadership model in Belgium’s largest public institution, Federal Public Service (FPS) Finance with a total of 23.500 employees. The idea is to promote innovation through a new leadership type, which is based on the vision that leaders should become the motors of change and innovation.

*Illustration of innovation capability component Leadership (more details in annex 6)*

#### **According to key PSD activities**

- ✓ Fostering a shared understanding

The agency has a central role in this model acting as a ‘middleman’, bringing local needs to the attention of the national level and translating national goals to the regional and local level.

- ✓ Collective Observations and discussions

The Agency collected information on the local situation through the direct involvement of the stakeholders at the local level. Meetings and networks were arranged at the local level, where challenges and estimations for the service delivery were discussed.

#### **According to key HRM activities**

- ✓ Collaborative and distributed leadership building
- Since 2011, by a wide range of leadership training and network activities, FPS’s executives have attempted to let go of the controlling and hierarchical approach and instead see their teams as a group of people working together, across boundaries, to produce common results.

- ✓ Ethical leadership

Managers have been provided with tools and techniques to build a co-creative team culture. A particular attention has been paid to the required

✓ Ensuring learning from actions

The Agency supported the sharing of good practices between the municipalities through the electronic welfare report.

***With mirror effect from key HRM activities***

The project involves all stakeholders in local and regional public health and safety organizations in a joint coordination group. Such involvement leads to collaborative and distributed leadership capabilities. In addition, each of these partners has received delegation to work together.

trust they need to develop with partners.

***With mirror effect from key PSD activities***

With the focus on leadership as a driver for innovation, the FPS has put emphasis on the important role of leadership to develop a shared understanding in the organisation and create a shared map of the current situation. Through the emphasis on management by objectives and performance indicators in the leadership programme, learning from actions will to a great extent be ensured for future improvement.

## 2.4 Innovation Capability Component: EXPERT KNOWLEDGE

### 2.4.1 Added Value from PSD practices



The ability to manage knowledge is a critical component of innovative capability (Cohen & Levinthal, 1990). However, due to the growing complexity of the organizational context, the management of knowledge has become more and more challenging: “Knowledge is now ‘liquid’ in that it is randomly distributed across several sources or ‘knowledge carriers’ with an enormous regional spread, it is highly mobile, and it is challenging in an interdisciplinary sense” (DG IMIESME, 2015). Therefore, the effective processing (including identifying, sharing and using) of knowledge plays an important role in the performance of an organization (Richard, Duxbury, 2014).

In relation to this issue, it is distinguished between different aspects of knowledge. It actually implies knowledge acquisition and assimilation as well as the ways in which the knowledge is applied (Richard, Duxbury, 2014). It is widely acknowledged that many organizations now operate in data-rich environments. Given the complexity of the public-sector environment, the ability of individuals and teams to focus on knowledge is becoming increasingly important. Public management needs to better specify organizational and process-related practices that enable public organizations “to cut through the clutter and focus on knowledge that is directly relevant to their work” (Richard, Duxbury, 2014).

#### PSD Practices

- ✓ **Gather Knowledge**
- ✓ **Ensure Knowledge Sharing**
- ✓ **Make Information and Knowledge available**
- ✓ **Support Knowledge creation**

Improving information sharing and interoperability to produce knowledge requires equal attention to organizational, managerial, and cultural considerations. To succeed, the purpose of knowledge management here is to ensure the development of common knowledge by: Implementing new tactics to collect external data (for instance, all activities that aim to gather knowledge from external stakeholders in order to improve service delivery efficiency (citizen consultation, etc.); developing common semantics and understandings; enabling networked configurations to make knowledge available and to sustain knowledge flows between stakeholders; supporting knowledge exploration and development. The field of Open data should provide some interesting examples of practices that aim to ensure knowledge availability. According to the literature, open data and knowledge increase transparency between public agencies and their stakeholders. In order to be considered as open, both data and knowledge have to be available and accessible. Common semantic understanding pertains to all activities that aim to involve different stakeholders, to explore and/or appraise a common problem or enhance idea generation.

## 2.4.2 Added Value from HRM practices



Knowledge is socially constructed and context-specific, and should then be managed locally, within communities of practices. In order to avoid de-embedded processes, it is important to note that knowledge and practices are closely coupled (Ferguson et al., 2013). Since the knowledge produced within one organizational setting is context specific, organizations need to found their innovation strategy on that know-how, created through interactions and sharing between organizational constituencies. Knowledge sharing is a social process and supposes interactivity during everyday practices. According to Gressgard et al, employees possess idiosyncratic in-depth and highly context-dependent knowledge, which must be shared and utilized in order to boost innovation. Therefore, employees should be empowered to share their knowledge in their daily business, supported by managers, and by IT-systems like internal social media/networks (Gressgård, Amundsen, Merethe, & Hansen, 2014). Knowledge-sharing is mainly a voluntary process (extra-role behaviour, supported by so-called organizational citizenship behaviour, OCB (Organ, Podsakoff, & MacKenzie, 2006), which requires commitment. Again, it is a social exchange (providing and receiving knowledge) and a collective effort (Camelo-Ordaz, García-Cruz, Sousa-Ginel, & Valle-Cabrera, 2011).

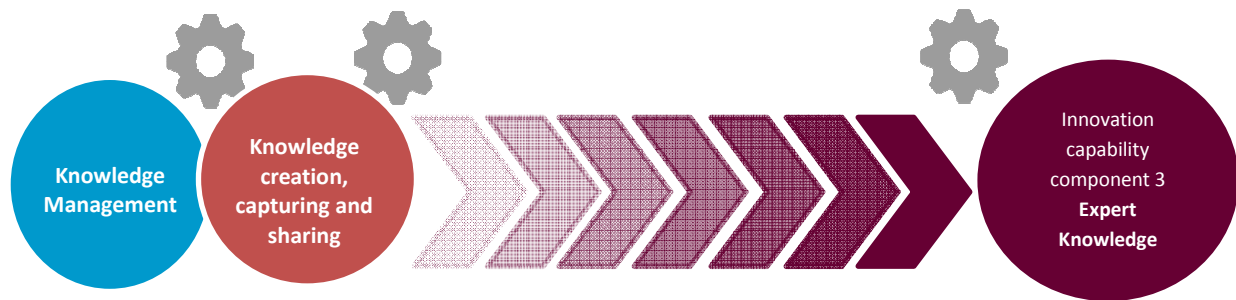
“Moreover, HRM that promotes contact and cooperation between employees will facilitate knowledge transfer, which is a fundamental requirement for innovation. Therefore, an employee development approach will both foster trust in the organisation as well as the organisation’s commitment to its employees” (Aucoin, 2012, p. 1652). These authors emphasize knowledge management and HR practices which support Knowledge Management.

### HRM Practices

- ✓ **Building mainly (but not exclusively) internal networks, weak links**
- ✓ **Quality circle and learning workshop at the shop level**
- ✓ **Training (on-the-job, education and self-development)**
- ✓ **Multifunctional cross-sectional teams**
- ✓ **Job rotation and horizontal career paths, generalists profiles**

The pioneers of quality management have underlined the role of knowledge sharing at the shop floor level, between all levels of hierarchy, and particularly between departments (frequently called “divisions” (Deming, 1986). Practices like quality Circles (the wording seems to be old-fashioned, but the core ideas behind it are still extremely important), process redesign and improvement, supported by some kind of IT groupware or even (more recently) internal social networks (where knowledge sharing is self-organized and managed), and on the job training, are examples which are not sufficiently implemented in public sector organizations. Obviously, knowledge sharing and interaction between employees will be more effective and fruitful in a team-based (or process-based) organization, where people from different departments meet and work on common (transversal) projects or objectives. In this regard, the whole career management process may add a powerful note by stimulating job rotation, horizontal mobility and generalist profiles (also for managers).

### 2.4.3 Mirror effect for the Expert Knowledge component



From a resource-based perspective, innovation consists in the development of new resources and/or new resources combinations. Among these resources, Knowledge appears as the most important among others. Improving Knowledge gathering, sharing and creation allow public administrations to increase their organizational capabilities to improve existing services or to develop new ones. Knowledge is randomly distributed across several internal and external sources. Management of knowledge requires equal attention to both collective and individual considerations. Accordingly, public organizations must improve their internal and external ability to gather, share, and create knowledge. This new imperative is particularly difficult to accommodate in the standard functioning of classical, hierarchical bureaucracy (Crozier, 2015).

### 2.4.4 Inspiring practices illustrating this component

The examples presented here and termed *Inspiring practices* are illustrative of the theoretical practices described in our model. It is possible to start with PSD issues or HRM issues with the underlying logic that both have to function together in order to yield their full integrated potential.

The Swedish 'LOTS' Project is a best practice example of how to foster knowledge management in a public organization. LOTS is a model to spread knowledge throughout the organization in order to create many possible ways for private companies to get help, support and guidance from public actors. The LOTS model is based on the combination of public actors' knowledge and local companies' experiences on public service delivery.

The Spanish case, **Benchmarking Quality Circles for Local Public Services (BQC)** is an innovative managerial tool that involves a comparison of local public services using performance indicators and is geared to improving the efficiency, effectiveness and quality of the management and standards of public services in municipalities with over 10,000 inhabitants in the Barcelona province. It is thus a tool for fostering knowledge capturing and sharing within and across public administration.

*Illustration of innovation capability component Expert Knowledge (more details in annex 6)*

#### **According to key PSD activities**

✓ Collecting stakeholders' knowledge  
 LOTS is a model which spreads responsibility and knowledge throughout an organisation in order to create a variety of possible ways for companies to get help, support and guidance from the officials and the different departments of the municipality council. This means that the officials handling company errands need to have a wider knowledge of the different areas that the municipality works with, as well as of running a company.

#### **According to key HRM activities**

✓ Building internal and external networks  
 At local governmental level, people are working together to share targets, improve local public service standards, share the know-how of public professionals, and disseminate best practices in a perspective of enhancing public welfare and quality of life.  
 ✓ Multifunctional, cross-sectional team  
 A Continuous improvement process is encouraged by cross-cutting action, the creation of multi-functional



✓ Knowledge creation

The annual educational scheme that the LOTS Project is based on demonstrates a focus on internal knowledge creation in the municipality. The scheme, as described in the activities, includes internships at other departments within the municipality, an on-line case-based educational programme, field studies and participation in council meetings.

✓ Improving accessibility to information and knowledge

The LOTS project has developed a standard model for municipalities to manage their relationships with companies. The model especially focuses on the accessibility issue of knowledge and information.

***With mirror effect from key HRM activities***

The LOTS Project has strong connections with the HRM activities. This includes e.g. aspects of learning activities at shop floor level, establishment of multifunctional cross-sectorial teams and building of internal networks.

teams and the setting of and learning from common performance indicators.

✓ Training

The case demonstrates that an improved ability through capacity building and **training** (on-the-job, education and self-development) as well as systematized models to share knowledge is an important factor for public sector innovation and improved public service delivery.

***With mirror effect from key PSD activities***

The BQC case is an example of a very close interaction between HRM activities and their corresponding PSD activities related to knowledge management. Internal and external networks support the sharing of knowledge. Moreover, the availability and creation of knowledge is facilitated by the development of a common language.

## **2.5 Innovation Capability Component: STAKEHOLDERS ENGAGEMENT**

### **2.5.1 Added Value from PSD practices**



This is an explicit measure to improve services, by engaging and committing those involved (Politt, Bouckaert, Löffler, 2006). Indeed, open government public sector reforms, aimed at creating more transparency and open information, access to data, and for more accountability are all measures taken to improve trust in public organizations (Bouckaert, 2012). Trust built on openness, integrity and transparency remains an overarching goal to foster an effective and performance-driven public sector, delivering better public services, more efficiently, and promoting an open and transparent government (OECD, 2011). Openness in itself may not be creating trust, but openness along with responsiveness and transparency of resources, processes and outcomes result in a functional accountability of public services, creating an environment conducive to public trust (Kearns, 1996).

To fully unleash its potential, openness should be completed with approaches aimed at “including as wide a variety of citizen’s voices in the policy-making process as possible” - Inclusiveness - enlarging the scope of Stakeholders’, range of views and representation - brings efficacy and equity and strengthens the public debate, creating ownership and contributing to the delivery of better public services (OECD, 2009). Lowering the barriers, be they objective (language, time, public awareness) or subjective (lack of faith in government or low confidence in one’s ability) and building capacity skills and knowledge to participate effectively are the challenges of inclusiveness.

In the public sector, partnerships foster true openness and transparency, strengthen integrity, and promote and implement cultural change. Among partnership practices, co-production practices are defined by the OECD (2011) as a way of planning, designing, delivering and evaluating public services which draw on direct input from citizens, service users and civil society organizations. Despite the many forms co-production can take according to the stages or functions addressed, the actors involved and the stages in which the interaction occurs in the policy cycle (Osborne & McLaughlin typology), some trends emerge regarding its

impact on public service delivery: aiming at furthering citizens' engagement (involvement) and better quality of public services, most co-production practices are bottom up and still in their pilot phase. Co-production is mainly used for service improvement. There are some examples of radical change using co-production, but these are mostly incremental. In order to achieve the desired outcomes, specific attention should be paid to the design of the public participatory process (Slotterback, Crosby, 2012). Opening public services to citizens, or rather including them through partnerships or participative approaches, leads to more efficacy (wider range of views) and equity (wider representation), i.e. better understanding of citizens' needs, in order to make a better match between the delivery (quantity and quality) of services and the expectations from the society, leading to greater user satisfaction.

## PSD Practices

- ✓ **Foster Openness**
- ✓ **Encourage Inclusiveness**
- ✓ **Be Citizen-centric**
- ✓ **Develop the Coproduction of public services**

Citizen participation ensures a better adoption of new services and increases citizens' outcomes from the delivery of these new services. In order to improve public services, citizens must also be systematically involved in design, decisions, production and evaluation.

Concrete measures to bridge the gap with citizens "willing but unable", "able but unwilling" or with specific targets (children, pensioners) are aimed at increasing the relevance and appeal of initiatives, but also at adapting contents, format and channels. Social media proves very helpful to reach specific groups of the population. Co-production practices cover a wide range of practices, as many potential sources of innovation: a better alignment of results with citizens aspirations and needs (leading to higher user satisfaction), better outcomes in terms of reducing production costs (increased value for money) or reinforced capacities to face complex societal problems.

### 2.5.2 Added Value from HRM practices



Commitment-based HR practices should be developed to boost innovation-oriented behaviors, which require tacit knowledge and intrinsic motivation (Ceylan, 2013). Without the appropriate social climate, employees will not share their (partially tacit) knowledge, a kind of extra-role behavior which necessitates organizational (team, or process) commitment. In this regard, employee participation, and investment in training among other factors, proves to be important, as well as more generally speaking, high involvement HR practices (inclusive job stability). High-involvement and commitment-based HR practices, focused on enhancing abilities (i.e. developing competencies) and opportunities (i.e. developing empowerment and job enrichment), positively influence a supporting leadership style, co-workers' support, all of which in turn positively affect intrinsic motivation and ultimately innovative behaviors (Ma Prieto & Pérez-Santana, 2014).

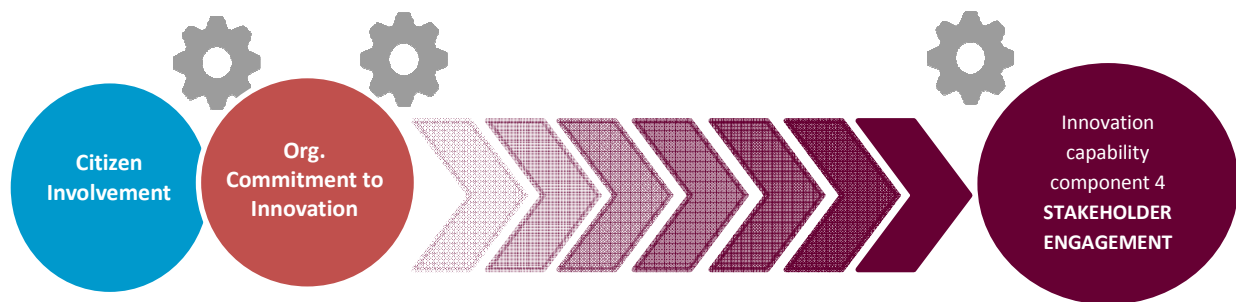
Dubouloz analyses the six most frequently cited commitment-enhancing HR practices which have been proven to be a lever for innovation: training, communication/information sharing (formal and informal), rewards (financial and non-financial) and participation/empowerment, but also organizational support and (management and participatory) control; these last two practices were not originally part of commitment enhancing practices (Dubouloz, 2014). High-involvement HR practices are a concrete signal of the company's support, trust and commitment towards its employees (Camelo-Ordaz et al., 2011)

## HRM Practices

- ✓ **Information sharing and communication.**
- ✓ **Participative and non-controlling leadership style**
- ✓ **Training and development in a long-term perspective**
- ✓ **Participatory control practices**
- ✓ **Job security and organizational support**
- ✓ **Developmental feedback and performance appraisal**

Commitment-enhancing practices are the joint responsibilities of HR specialists and line managers. The role of the latter is crucial, especially by adopting a supportive, developmental and non-controlling style. In this respect, control activities are still important, but should be considered as learning opportunities and (at least partially) self-managed by employees. Moreover, a supportive organizational background (notably concerning job security and investment in HR in general, and training in particular) has proven to be decisive.

### 2.5.3 Mirror effect for the Stakeholder engagement component



Commitment-based HR practices encompass selective staffing to improve employee-organization fit, extensive training, broad job description and flexible job assignments, teamwork, performance-based compensation (individual, collective and organizational), developmental and merit-based performance appraisal and encouragement of participation.

Similarly, the engagement of external stakeholders appears as one of the main trends in the literature dedicated to Public Administration. Citizen participation ensures a greater effectivity and acceptance of the services delivered, thus increasing the latter's trust and support. Four types of practices may be necessary for citizens' involvement. They are not mutually exclusive and can be combined: openness, inclusiveness, co-production and citizen-centricity. Co-production practices challenge organizational values and processes in the public sector: there is a need to prepare public sector staff for new professional roles - as advisors rather than mere producers. Developing new knowledge and skills, changing management, but also attention to the incurred costs is important to understand what happens to roles and responsibilities when a service is co-produced. To summarize, the above-mentioned PSD and HRM practices may foster internal (employees) and external (citizens) engagement in the same movement towards the production of public value and citizens' outcomes.

## 2.5.4 Inspiring practices illustrating this component

The examples presented hereby and termed *Inspiring practices* are illustrative of the theoretical practices described in our model. It is possible to start with PSD issues or HRM issues with the underlying logic that both have to function together in order to yield their full integrated potential.

The Italian project "**Complaint Front Office for service quality**" can provide inspiration on how to bring public administrations and citizens closer together with the view of providing improved public services. Established in February 2007, Milan Complaint Office has been recognized as one of the best systems for listening to citizens' needs in force in one of Italy's big cities. The complaint management procedure is an integral part of the Quality Management System according to the UNI EN ISO 9001:2000. In order to implement the QMS, in 2006 the Municipal Board created a Department for Quality, Services to the Citizen, Simplification and Civic Services.

**CHANGE<sup>2</sup> - City of Mannheim - Achieving more together**", was initiated in 2008, out of a lack of strategic direction and significant budget shortfalls, to create "one of the most modern municipal administrations in Germany by 2013".

'Achieving more together' Cooperation between administrative units with by breaking the silos, as well as a comprehensive innovation master-plan to foster change in structures and processes, leadership, top-level, are other features of this medium- and long term programme. The innovation master-plan aimed at a change of structures and processes, a comprehensive leadership, innovation culture and dialogue, and a S.T. and L.T. programme management.

*Illustration of innovation capability component Stakeholders involvement (more details in annex 6)*

### **According to key PSD activities**

- ✓ Foster the Openness

The case demonstrates a great openness to citizens' comments, suggestions and complaints. This participative approach receives valuable input & information for public administrations on its services.

- ✓ Encourage the Inclusiveness

The project provides inspiration on how to use several channels for recording formal complaints, ideas and opinions and for quickly responding to citizens' concerns on service quality, ensuring thus inclusiveness.

- ✓ Be Citizen centric

This project is citizen-centric. It fosters a better understanding of citizens' needs, in order to make a better match between the delivery (quantity and quality) of services and expectations from society, leading to greater user satisfaction.

- ✓ Develop the Coproduction of public services

The project is a user-friendly way of listening to the citizens' disappointments and thus a means of finding out their perceptions of the city services. Its ultimate aim is to improve services by involving citizens and users.

### **With mirror effect from key HRM activities**

This project is an inspiring example of *ensuring learning from actions* through the direct opinion of the users of the public services. In addition to this, there are actions taken to *build competencies* for the acknowledgement of mistakes and complaints as a basis for building trust and transparency which is an important basis for developing the capacity to innovate in the public sector. The managers of this project have understood the *importance of creating a motivated network of experts*. They have thus scheduled *training and information courses on complaint management*.

### **According to key HRM activities**

- ✓ Information sharing and communication.

As described in the case description, a panoply of tools has been put in place to promote clarity and to ensure an understanding of goals and objectives to be achieved.

- ✓ Participative and non-controlling leadership style
- Other important instruments are the dialogues between leaders and staff, as well as the regular consultation of staff.

- ✓ Training in an LT perspective/ Developmental feedback & performance appraisal

Different instruments have been put in place. The most prominent and recent example in this context is the 360 degree feedback (pilot project).

- ✓ Participatory control practices

The results of these surveys illustrate that employees are very open- and willing to change and that they identify with change. Employees are proud of the change process and want to continue.

- ✓ Job security and organizational support

An important reason for staff engaging in the change process was the initial internal agreement with the staff council to exclude dismissals and lower salaries.

### **With mirror effect from key HRM activities**

CHANGE<sup>2</sup> aims to develop a better model of shaping city society by improving democracy within the city council, promoting participatory approaches with citizens and developing the city in partnership with universities and businesses. Mannheim's inhabitants display an above-average level of civic involvement and receive support from the city. The city develops new forms of actions for the civic commitment.

## 2.6 Innovation Capability Component: INNOVATIVE WORK DESIGN

### 2.6.1 Added Value from PSD practices



This form of governing, also defined as “interorganizational innovation”, takes place in different “Collaborative Contexts” (Mandell and Steelman, 2003). Collaboration in public organizations occurs in various settings: “both in a vertical context through levels of government and in a horizontal context in which an array of public and private actors are mobilized” (O’Toole and al., 2005). New technologies and the participative web have a crucial role to play in improving public service delivery, complementing the four previous components of Innovation capability.

These components support partnerships and the culture of open innovation by enabling asynchronous collaboration, among multiple public and networked connections, inside the government, as well as with external stakeholders, embedding all actors into a network. They contribute to efficiency by reducing the administrative burdens and communication costs, while increasing speed and extending potential recipient reach (Archmann, Guiffart, 2011), thus enabling more to be done with less (OECD, 2010).

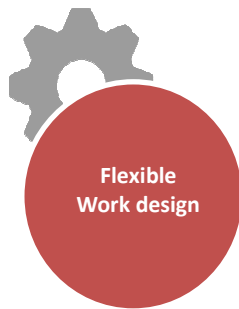
By creating free knowledge flows, they improve internal capacities for knowledge management. They contribute to trust by reinforcing accountability through the symbolic power of the “public space” where all participants can be rated and held accountable, and by communicating results (OECD, 2009). Internet-based tools are also a channel bridging the gap between public services and specific targets of the population. To grasp the benefits of digital work, governments need to create favorable conditions and skills to support citizens’ engagement (Archmann, Guiffart, 2011).

#### PSD Practices

- ✓ **Deliberative process implementation**
- ✓ **A common collective work purpose**
- ✓ **Relevant online and social technology adoption**
- ✓ **Team work and organizational agility**

New perspectives associated with innovation require organizational designs that allow for transverse operations. Therefore, collaborative activities should involve different levels of government and other administrative agencies as well as external stakeholders. First of all, organizational designs should raise the awareness of shared purpose. Second, they suppose teamwork and organizational agility. Third, relationships between an administration and its stakeholders have to be deliberative, not only communicative. Fourth, appropriate technologies are used to support interaction and coordination between the involved stakeholders.

## 2.6.2 Added Value from HRM practices



According to Lewis/Ricard, social networks, which include social capital and trust, are essential facilitators of innovation: a strong internal and external network positively affects the innovation capacity. The position of employees in the nodes of these networks (centrality), but more importantly, the weak ties that link them together (strong ties are based on trust, knowing each other, weak ties not) may lead to creativity and innovation, as well as the opportunity to act as brokers of the “structural holes” in the network.

The availability of spaces where individuals can meet without the burden of formal responsibilities, positions and rules is seen as crucial to innovation; along the same lines, organizations and employees should develop inside-outside networks, weak links, and so-called broker positions between non-connected networks (Lewis & Ricard, 2014).

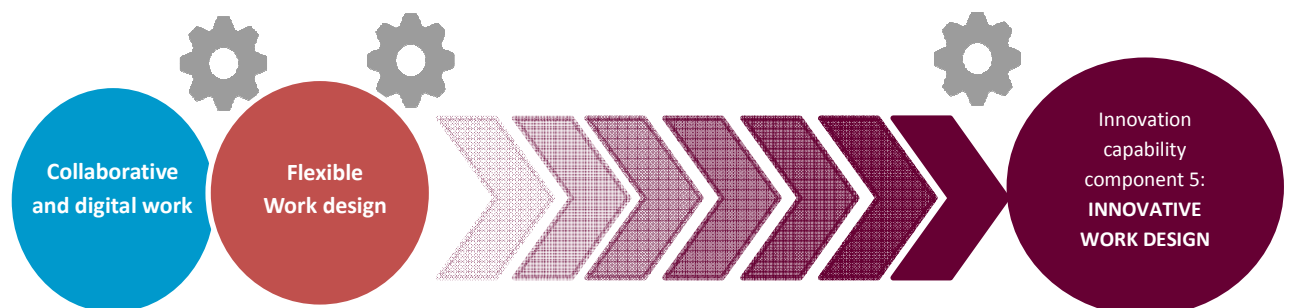
Again, TQM-based HR practices exert a positive impact on innovation-oriented behaviors. These practices encompass, among others, teamwork, and the elimination of barriers between departments, multiple roles, and inter-functionality (Perdomo-Ortiz, González-Benito, & Galende, 2009). These are all practices that may not be effective if the organizational design is not flexible.

Even if greater attention is paid to collaboration in the public sector today, it is not a new form of governance. “Although recent researches often describe collaborative public management in novel terms, there is a rich history that precedes it” (McGuire, 2006:35).

### HRM Activities

- ✓ **Flexible, competency-based organization**
- ✓ **Team and process-oriented organization**
- ✓ **Empowerment, decentralization, responsabilization**
- ✓ **Flexible collective space, co-working**
- ✓ **Flexible work-time**

## 2.6.3 Mirror effect for the Innovative Work Design component



In order to foster innovation, it is important to collect real-time information, constantly monitor and share knowledge, discuss, reflect and document knowledge, experiments and simulation.

Highly adaptable infrastructure, i.e. flat hierarchy, minimal formal authority, minimal routines and standardization and informal coordination, are highly valuable in this respect.

Besides empowering people, it is important to redesign organizations (Daglio et al., 2015, forthcoming). The way work is structured within and across organizations may have an impact on innovation: this includes the development of spaces and innovative methods to build up teams, break down silos and work in partnerships across organizations and even sectors, thus launching new networks.

All of these practices may not be effective if the organizational design is not flexible.

#### 2.6.4 Inspiring practices illustrating this component

The examples presented here and termed *Inspiring practices* are illustrative of the theoretical practices described in our model. It is possible to start with PSD issues or HRM issues with the underlying logic that both have to function together in order to yield their full integrated potential.

**The Icelandic “Police and the Social Media” project** illustrates the collaboration implemented in order to address new issues that arise in a service-system. In its effort to actively distribute information and to interact with the citizens, the Reykjavik Metropolitan police (RMP) has added social media to its toolkit. The goal was not just to distribute information, but also to enhance visibility and increase access to the police. RMP used a multi-faceted social media approach, with new methods in engagement, taking public management to another level, going out to the people and taking public service there, too.

**The Dutch project “Every child safe forever”** is an innovative example on how effective programme management and enthusiasm-based implementation can be installed covering all important elements of the organization: structure, professionalism, support systems and a completely new physical working environment. The most important marker for the work with JBRA is this intensive family-focused case management, an integral approach that offers a professional methodology and organisational context when working on the structural safety of children.

*Illustration of innovation capability component INNOVATIVE WORK DESIGN (more details in annex 6)*

##### **According to key PSD activities**

✓ Deliberative process implementation  
The programme has been enlarged step-by-step based on recognized needs. The project is run by existing personnel and volunteers who offered to take part in this project.

✓ A common collective work purpose  
It has a high benefit for both the citizens and the police, as interaction via social media informs citizens in time and allows the involvement of citizens in police work. This gives the public an opportunity to speak to and hear from its police force.

✓ Relevant online and social technology adoption  
Social media is both a cost-effective way of community policing and one of the key points for building trust between the police and the public.

✓ Team work and organizational agility  
All members of the project were told that they had the fullest trust of the police commissioner to use their best judgment in replying on behalf of the institution. This has proven to be essential to maintain a short response time.

##### **With mirror effect from key HRM activities**

Flat hierarchy, minimal formal authority, minimal standardization and informal coordination are all important factors to ensure a fast development of organisational knowledge creation. The practices of flexible work design include the empowerment of employees, decentralisation, team and process oriented organisation, and co-working.

Furthermore, the social media project was run a project management style, using human resources from different sectors of the institution, but giving them clear authorizations by the police commissioner to speak on behalf of the institution, thus enabling the project to gain validity and legitimacy. This has allowed the social media

##### **According to key HRM activities**

✓ Flexible, competency-based organisation  
The major elements of the organizational change and redesign include a stronger focus on the introduction of new and better targeted training programmes, the introduction of talent management.

✓ Team and process-oriented organisation  
They were substantially remodelled through the suppression of the distinction between social workers, legal guardians and parole officers.

✓ Empowerment, decentralization, responsabilization / Flexible work-time

The employees were given a great freedom to manage their own time and meetings with the clients through the introduction of more flexible work time schemes.

✓ Flexible collective space, co-working  
The staff remains fully flexible and mobile through the provided ICT support. The remaining head office was redesigned to support teamwork and the caseworkers.

##### **With mirror effect from key PSD activities**

✓ Deliberative process implementation  
The most important marker is this intensive family focused case management, which offers a professional methodology and organisational context to work on the structural safety of children.

✓ A common collective work purpose  
The aim of the change process was the improvement of the situation for children and their families and at the same time, the reduction of the costs of service delivery

✓ Relevant online and social technology adoption  
The establishment of a new professional work environment where the ICT-support facilitates employees at home, in the

project to be run as a staff unit, a unit that serves other departments without having direct supervision over them.

office, with families and on the road

✓ Team work and organizational agility

The project used a lean care process method entirely focused on creating value for each child. The distinction between social workers, legal guardians, and parole officers was disbanded.

The most relevant HRM and PSD activities to boost innovation have been presented. In the following section, we will look at the full integrated model for the development of Innovation Capability.

## 2.7 The full integrated model - Fostering innovation capability

Both PSD & HRM practices are interrelated, since each HRM practice has its PSD counterpart (and vice versa), as illustrated by the integrated model of innovation capability with 5 main components of innovation capability. These are composed of mutually reinforcing HRM and PSD sub-practices and represent a unique set (configuration), leading to increased HRM and PSD results supporting innovation.

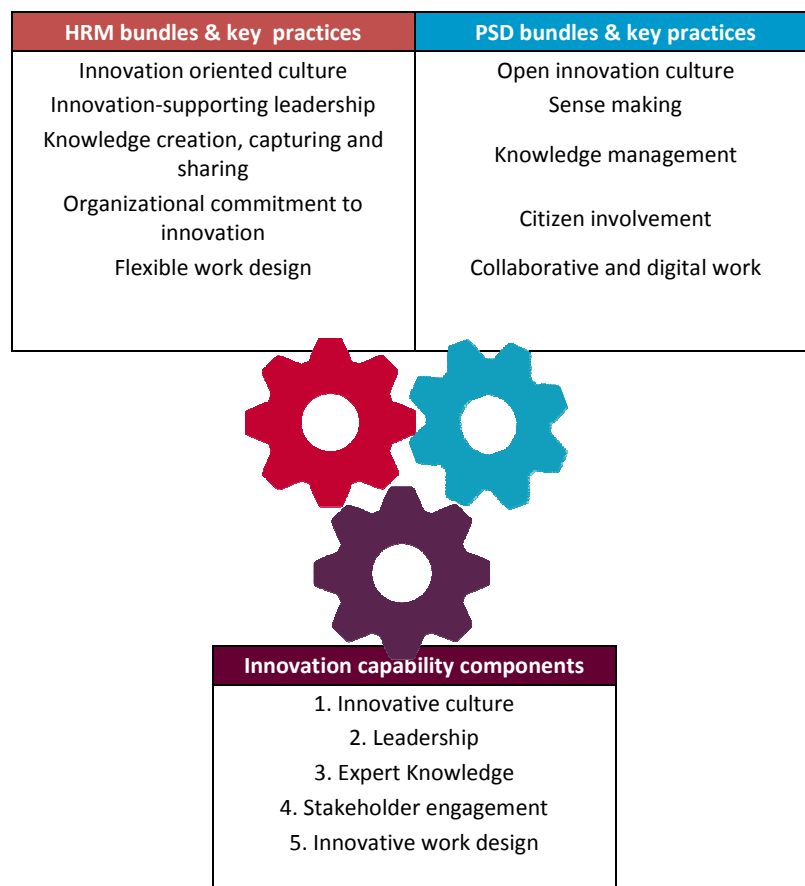


Figure 2: The integrated model of Innovation Capability

As an effect of this smart merge, five components of innovation capability can be produced within public administrations: This result is at the core of this research, which aims to support any innovation processes in public organizations. It means that innovation capability components are a kind of bridge between key innovation-enhancing HRM practices and key innovation-enhancing PSD practices. The order in which these practices are presented does not reflect any priority nor any order for implementation. The image below summarizes the main variables which are included according to the targeted objectives of this study; it should be viewed as the full picture of our Innovation Capability model.



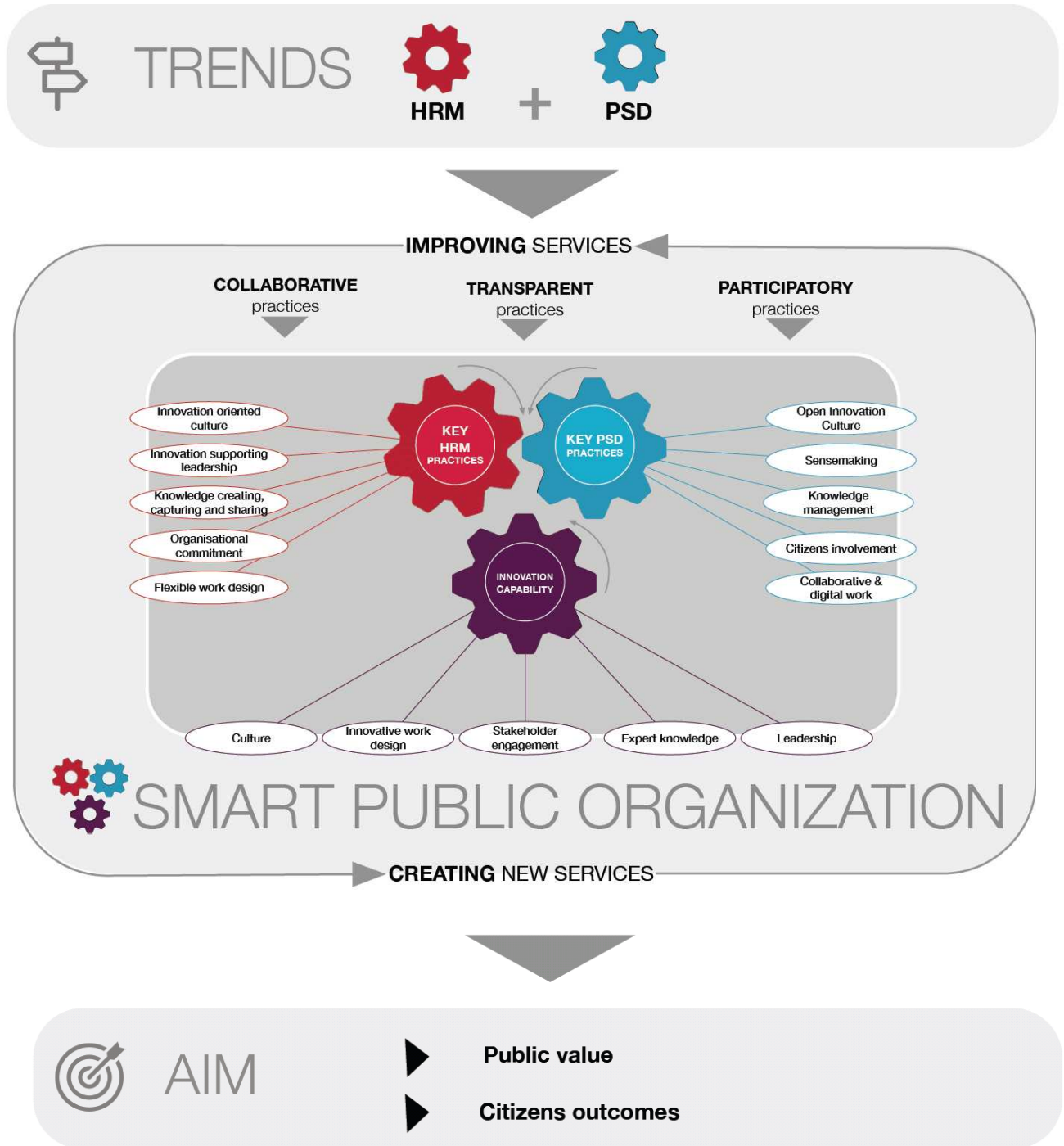


Figure 3: The integrated model for IC – a full picture

The heart of the model is surrounded by open government principles, with a special attention to trust and transparency. This conceptual framework also aims to highlight the process of public value creation.

From top to bottom, once the key objectives of the agenda 2020 have been achieved, they will ultimately lead to innovative public policies and services to citizens and users, to an increasingly competitive and inclusive State and to a more robust democracy. All the efforts are operationalized in a revised framework of open governance, emphasizing collaborative and transparent practices fostering stakeholders' participation.

In Part 3 we provide a step by step procedure to develop an effective innovation scheme, at the strategic, tactical and operational levels. A detailed view of the essential HRM and PSD recommendations for innovation is also given. Short definitions of each of the PSD and HRM practices, which have been selected in our model, are included in the annex.

# PART3 – Designing an effective innovation strategy

## 3.1 Overview of the four steps

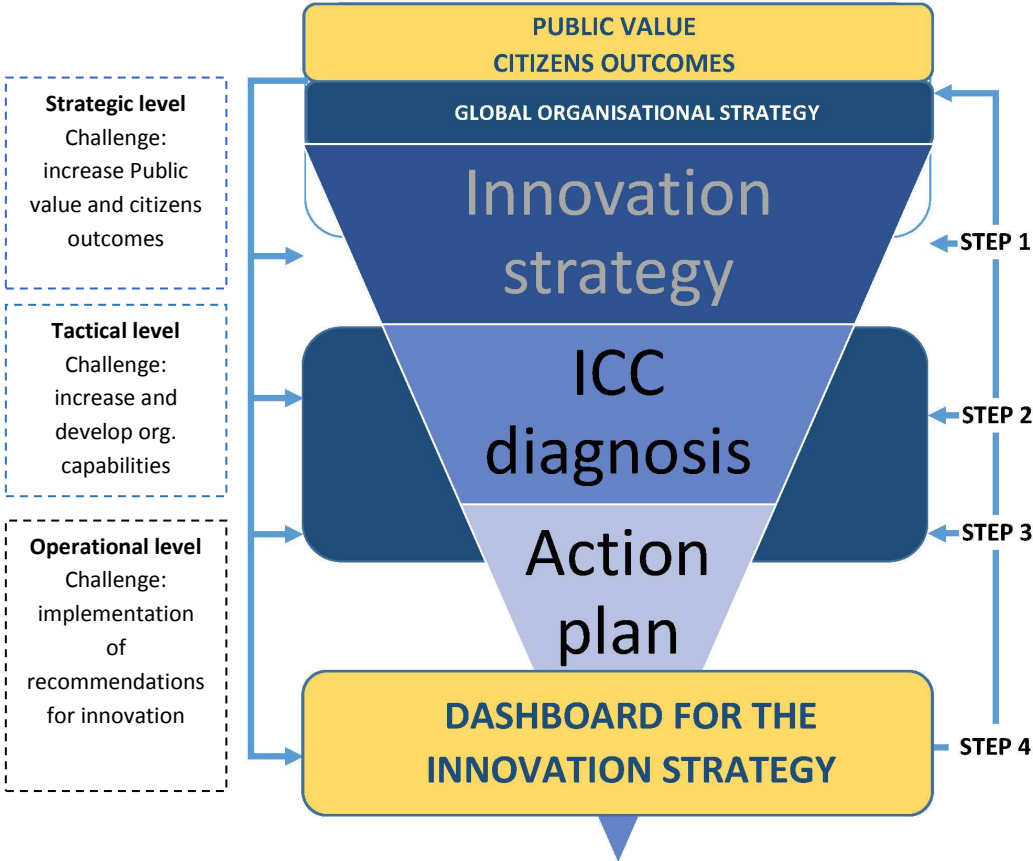
A four steps process is recommended to successfully design, implement and steer any innovation strategy. The first step is the definition of the Innovation strategy with the global strategic ambition of your specific administrative entity. It is important to bear in mind that innovation as such is not, and cannot be the ultimate purpose of any public sector organization and any public policy. The ultimate purpose is to create public value and citizens’ outcomes, stemming from the most appropriate political and administrative strategic options. The best innovation strategy is basically influenced by the overall organizational strategy.

With respect to this strategic ambition, a second step based on a systematic diagnosis of your organization's innovation capability will be realized, hereby summarized as ICC diagnosis. This ICC diagnosis will check all PSD/HRM practices identified in our model.

The third step provides suggestions for selecting the most appropriate recommendations and a corresponding Action plan, according to political orientations, the availability of resources and other (more general) priorities. It gives an overview of the main recommendations, preselected according to the innovation strategy. The main purpose of this step is to decide upon an appropriate action plan with concrete recommendations.

The fourth step proposes a dashboard for monitoring and steering the implementation of the most suitable package of recommendations. This requires the design and introduction of a scoreboard to pilot the innovation strategy and the selected recommendations as a dynamic monitoring system.

The diagram below highlights the overall approach as suggested:



All this should ideally mobilize all the stakeholders, internal (organizations' employees and managers) as well as external (citizens or the broader national community) in order to identify the type of recommendations to be implemented for the desired Innovation Strategy. This activity is also an opportunity to enrich the set of practices that make up the Innovation Capability Model.

### **3.2 Step 1: Define your Innovation Strategy Ambition**

Depending on the specific context of your own administrative entity as well as your overall strategic options, the following overall innovation strategies/ambitions may be selected. These strategies, resulting from brainstorming by the research team, are most obviously linked to agenda 2020, without being exhaustive.

1. **ICC-oriented strategy:** you would like to focus on key practices in one or several targeted ICCs. Main objective: strengthen your innovation capability in general.
2. **Innovation breakthrough:** quick win and cherry-picking. Main objective: achieve first results that make a difference, on a short term basis.
3. **Open government and stakeholder participation:** Main objective: co-design and co-production of public value by involving selected stakeholders.
4. **Feedback enhancement.** Main objective: receive systematic information about your products, services, practices, and innovation initiatives.
5. **Diversity of Experience.** Main objective: sharing of key knowledge or assets.
6. **Innovation-rewarding strategy.** Main objective: strengthen your reward and recognition practices for outstanding internal and external stakeholders and initiatives
7. **Training for innovation.** Main objective: invest in people to boost innovation initiatives

Strategy number 1 is in direct relation to the diagnosis of ICCs and would be the most obvious innovation-enhancing strategy.

The remaining strategies share an indirect relation to the diagnosis of ICCs and are proposals that could provide a starting point for public administrations; their relevance depends first upon the overall ambition of the organization (political and administrative strategy).

Of course, we do not claim exhaustiveness for the above-cited possible strategies. We are convinced, however, that they could serve as a good starting point, bearing in mind all the possible implications of the chosen strategic decision. They should give practitioners some primary tools to start with, in the framework of a broader action plan. Because innovation is not the ultimate purpose, the main objectives of the political and administrative agenda will be considered as the main criteria to identify the best innovation strategy among the suggestions. Given the adopted strategy, specific objectives should be set and will be part of the dashboard.

### **3.3 Step 2: Assess current state of the five ICC and their corresponding practices**

Considering your innovation ambition, you will then have a look at the current state of your ICCs and their corresponding practices. To do so, you can use the suggested ICC diagnosis tool of the study.

Information technologies are now ripe to provide organizations with powerful analytical tools for mapping their current practices and those inherent to the development of innovation. Such an analysis could thus display more or less important gaps, thus paving the way for the elaboration of an innovation strategy, by using the Innovation capability components (ICCs) and their corresponding practices. The ICC Dashboard is therefore

the second step, and it should be viewed as the first part of a SWOT analysis (strengths and weaknesses regarding innovation). It should be noted that there is no real hierarchical order between Step 1 and Step 2.

The latter, which pertains to a SWOT analysis of the existing and missing practices, could very well be implemented before Step 1 in a dynamic system, in which the organizational diagnosis feeds the strategy, or the strategy gives the impetus for conducting a SWOT analysis. The latter may be conducted as a benchmark for the targeted services of the organization and the proposed bundles of innovative practices, with the underlying objective to test their current maturity in terms of the different practices of our components.

Following the example of figure 4 below those practices that have already been implemented at the organizational level would thus be identified with a plus sign (+) whereas the missing ones would be marked with a minus (-). This binary logic of evaluation could be further elaborated, using for instance criteria like: the scope of implementation (from one unit to the whole organization), maturity of implementation (from the conception phase to the full implementation with improvement loops), availability of impact evidence, etc.

# ICC Diagnosis

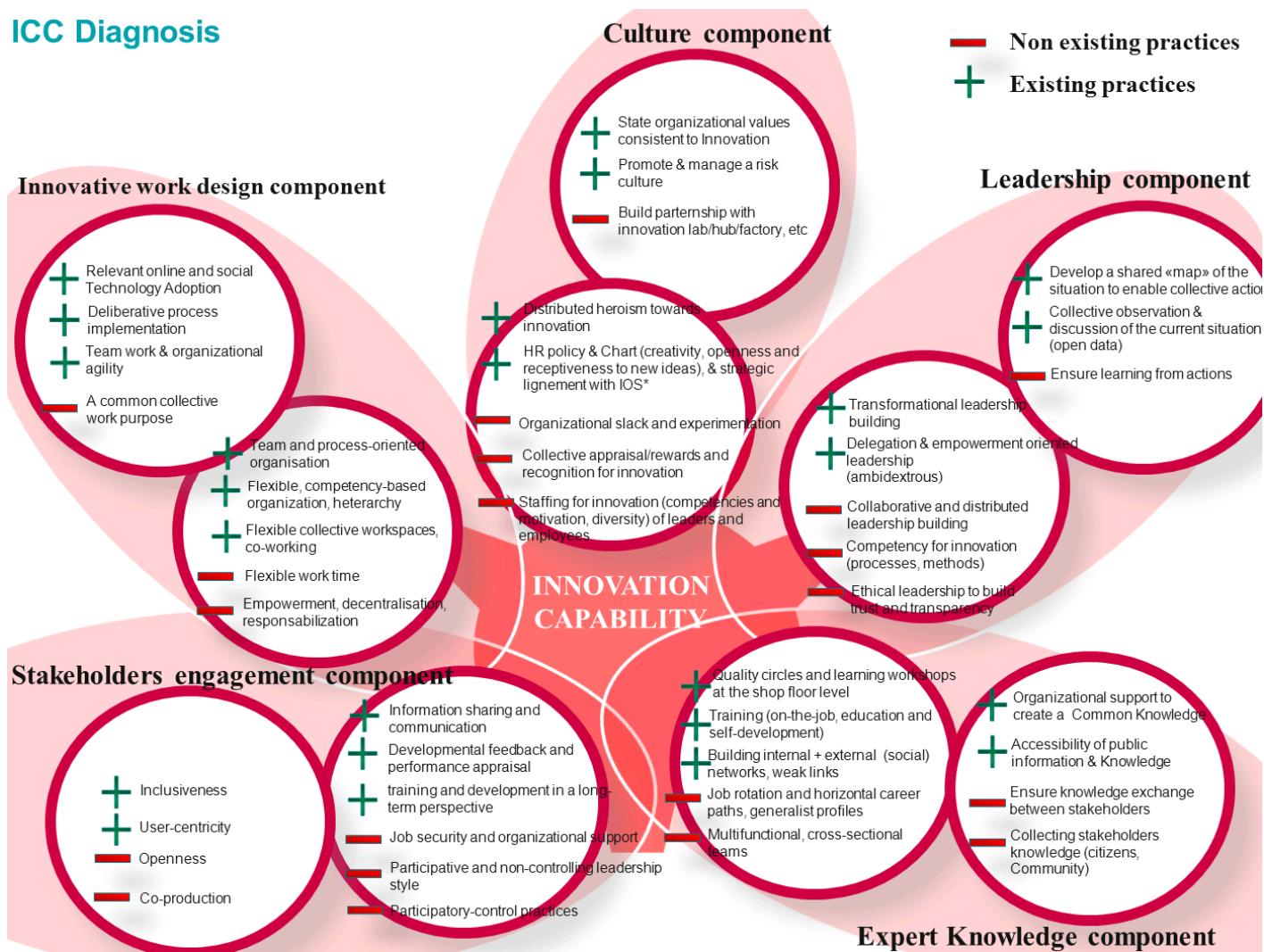


Figure 4: Possible Diagnosis from a SWOT analysis

### 3.4 Step 3: Define your action plan (tactical milestones for reaching the goals)

Depending on the specific strategic priority chosen by the organization and the result of the ICC diagnosis, the question is then: Which recommendations should be implemented for the innovation strategy selected?

The table below presents a short description of the recommendations revealed in our study (review of literature as well as inspiring practices). Table 1 also gives a detailed definition of our recommendations, classified by ICC bundle, and furthermore highlighted grey according to each of the seven proposed innovation strategies, labelled S1 to S7 from columns 4 to 10.

For the first strategy, the component entry is favored, which implies that organizations make the choice of the promotion of innovation in Culture, Leadership, Knowledge expertise, Stakeholder engagement, or Work design. For this strategy all the fields are grey as a leadership innovation strategy for instance would naturally require the implementation of all the recommendations related to that component. If public organizations were interested in making an *Innovation breakthrough*, the following recommendations would be suggested: *Experimentation spotlight, Ind./coll. Innovation-oriented Public Value modelling, Mixed training “public-social-private entrepreneurs”, Internal/external innovation Lab, Innovation-supportive workshops, Wiki-style project analysis with stakeholders, and Speed<sup>1</sup> innovation.*

Table 1: Detailed description of the recommendations and preselection of Innovation strategy

| ICC Culture recommendations  | N° | Short description of recommendations  | S1 <sup>2</sup> | S2 | S3 | S4 | S5 | S6 | S7 |
|--|----|---|-----------------|----|----|----|----|----|----|
| <b>Shared vision for innovation</b>  | 11 | All-inclusive strategic meetings with employees group representatives (not only managers, but also employees at the shop floor level) and external stakeholders. By inviting them to co-design a vision for innovation, organisations create a supporting culture in terms of distributed heroism towards innovation. |                 |    |    |    |    |    |    |
| <b>National innovation day and innovation award once a year (AdminJam)</b> | 12 | Establish a framework for sharing and rewarding innovative ideas, staff and stakeholders are further encouraged to come up with innovative ideas aiming to improve the current situation or to suggest new ways of delivering services.   |                 |    |    |    |    |    |    |
| <b>Innovation ambassador community</b>                                     | 13 | Set up a community of ambassadors in key positions, who actively support ideas and projects so as to gear them towards innovation and creativity.   |                 |    |    |    |    |    |    |
| <b>Experimentation spotlight</b>   | 14 | Allow and actively support experimentation in the development and implementation of reforms, policies, regulatory initiatives and other change-making initiatives that target the public.   |                 |    |    |    |    |    |    |

<sup>2</sup> S1 ICC-oriented strategy; S2 Innovation breakthrough; S3 Open government and stakeholder participation; S4 Feedback enhancement; S5 Diversity of experience; S6 Innovation-rewarding strategy; S7 Training for innovation.

|  |           |  |           |           |           |           |           |           |           |
|--|-----------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Climate survey for innovation awareness</b>               | 15        | Create a large-scale survey providing fast feedback from inside and outside to assess innovation levers and barriers within a specific domain.   |           |           |           |           |           |           |           |
| <b>ICC Leadership recommendations</b>                        | <b>N°</b> | <b>Short description of recommendations</b>  | <b>S1</b> | <b>S2</b> | <b>S3</b> | <b>S4</b> | <b>S5</b> | <b>S6</b> | <b>S7</b> |
| <b>Ind./coll. Innovation-oriented Public Value modelling</b> | 21        | Based on a reconceptualization of employees' function and role within the organization highlighting their particular valuable contribution to organizational goals in terms of public value.   |           |           |           |           |           |           |           |
| <b>Stakeholders advisory board</b>                           | 22        | In every policy domain, where products or services are delivered to end-users, such stakeholders' advisory boards should be introduced in order to open the governance process.  |           |           |           |           |           |           |           |
| <b>Mixed training "public-social- private entrepreneurs"</b> | 23        | Joint training of entrepreneurs / start-up managers, social entrepreneurs and public managers, to share and develop a common innovation sense and practices.   |           |           |           |           |           |           |           |
| <b>The cross-over manager/team - "Lead my department"</b>    | 24        | Managers from different units switch roles for several weeks/months with an innovation report at the end.  |           |           |           |           |           |           |           |
| <b>360° feedback for managers</b>                            | 25        | Systematic feedback from the bottom up and from horizontal partners, allowing public managers to improve their transformational leadership skills.   |           |           |           |           |           |           |           |
| <b>ICC Expert Knowledge recommendations</b>                  | <b>N°</b> | <b>Short description of recommendations</b>  | <b>S1</b> | <b>S2</b> | <b>S3</b> | <b>S4</b> | <b>S5</b> | <b>S6</b> | <b>S7</b> |
| <b>Social network media focus on knowledge sharing</b>       | 31        | Internal and external (limited to relevant stakeholders) social networks would make it possible to build up thematic networks both within and outside the organisation and work in line with the organisational goals and mission, thus allowing shared knowledge based on experience. |           |           |           |           |           |           |           |
| <b>BIMS "Be in my shoes" days</b>                            | 32        | Employees in non-leadership roles would move to other positions/jobs in the same public policy domain for one workday or more, with a debriefing once back "home". Also recommended for partners and end-users whenever possible;  |           |           |           |           |           |           |           |
| <b>Serious innovation games</b>                              | 33        | Innovation self-help mechanisms, self-help manuals, and serious games for innovation hosted by <i>innovation terminals</i> possibly with real-life, scenario games aiming to develop knowledge and competences.  |           |           |           |           |           |           |           |
| <b>Innovation Square Code</b>                                | 34        | Interactive and digital feedback from employees and stakeholders via a flash code appearing on documents given out to end users. This feedback mechanism should replace traditional questionnaires and phone surveys.  |           |           |           |           |           |           |           |



|   |           |   |           |           |           |           |           |           |           |
|---|-----------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Internal/external innovation Lab</b>                           | 35        | Internal/external innovation lab instead of the classical organisational unit in charge of management. This lab would gather people with competences in innovation, and would provide support for employees and stakeholders. |           |           |           |           |           |           |           |
| <b>The middays of innovation</b>                                  | 36        | A press conference-style regular discussion session with stakeholders on the innovations being implemented or planned, allowing insights from a different perspective.  |           |           |           |           |           |           |           |
| <b>ICC Stakeholder engagement recommendations</b>                 | <b>N°</b> | <b>Short description of recommendations</b>   | <b>S1</b> | <b>S2</b> | <b>S3</b> | <b>S4</b> | <b>S5</b> | <b>S6</b> | <b>S7</b> |
| <b>Innovation-supportive workshops</b>                            | 41        | Innovation-supportive workshops where employees obtain support for the development of their own ideas for new or improved services / processes.   |           |           |           |           |           |           |           |
| <b>Wiki-style project analysis with stakeholders</b>              | 42        | Innovation Wiki-analysis; project launching and management using a collaborative, enlarged, comprehensive, multi-stakeholder, dynamic, wiki-style (open) analytical process.  |           |           |           |           |           |           |           |
| <b>Innovation appraisal system</b>                                | 43        | Annual appraisal of innovation and learning as a complement or to replace the current performance appraisal system with possible inputs from external stakeholders (end-users).   |           |           |           |           |           |           |           |
| <b>Innovation cockpit based on participatory method</b>           | 44        | A virtual room where internal and external actors can obtain information and comments on the state of current and forthcoming projects (in fact the innovation landscape of a specific domain).                               |           |           |           |           |           |           |           |
| <b>Innovative collective electronic consultation</b>              | 45        | A systematic or one-off electronic voting mechanism for critical issues concerning employees and stakeholders directly. Could be implemented before or during meetings.   |           |           |           |           |           |           |           |
| <b>ICC Innovative work design recommendations</b>                 | <b>N°</b> | <b>Short description of recommendations</b>   | <b>S1</b> | <b>S2</b> | <b>S3</b> | <b>S4</b> | <b>S5</b> | <b>S6</b> | <b>S7</b> |
| <b>Speed' innov</b>   | 51        | A series of workshops in a speed dating manner, enabling brainstorming and cross idea generation between managers and selected stakeholders.  |           |           |           |           |           |           |           |
| <b>Systematic MBP (Management By Projects)</b>                    | 52        | Systematic <i>Management by project</i> where every employee is involved in at least one project a year.  |           |           |           |           |           |           |           |
| <b>Flexi place-time workspace</b>                                 | 53        | Developmental flexi-place/time management, through workspace providing different types of "micro-work-environment" for different types of activities, thus giving the choice depending on one's current activities.           |           |           |           |           |           |           |           |
| <b>Virtual work-environment on tablet (for knowledge workers)</b> | 54        | Providing everywhere the opportunity to work, learn and exchange with stakeholders about the business, and simultaneously connect employees to their organisation.  |           |           |           |           |           |           |           |
| <b>Job-coupling (the opposite of job-sharing)</b>                 | 55        | Systematic coupling of two complementary jobs, providing a single but enhanced "job description" leading to more flexibility, exchange and learning opportunities.  |           |           |           |           |           |           |           |

According to the systemic approach of our model of ICC, it is noticeable that each set of recommendations includes examples from all the five ICCs. It is recommended to implement the whole package of recommendations to boost the selected innovation strategy (see step 1). Here again, the holistic approach, which is a recurrent philosophy of our model of innovation, is, thus stressing the fact that those practices or recommendations implemented in isolation would not be as powerful as a bundle of coherent ones. For instance, organizations may want to start with the components as entry doors for their innovation strategy (S1) or favour the possibility of making an innovation breakthrough (S2). Other interesting possibilities pertain to Open government/ participation (S3), Feedback enhancement (S4), Diversity of experience sharing (S5), Rewarding (S6), or Training for innovation (S7). Annex 5 provides a full picture of the recommendation schemes for each innovation strategy.

Another advantage of the model is its flexibility as it opens the doors for a broader use and appropriation. According to the logic of intellectual reasoning, the recommendations derive from practices (real life cases); which means from our 5 hybrid bundles and those portrayed in the illustrative inspiring practices. However, any innovation strategy has to be anchored in an outcome or public value reflection. Of course, this could be done collectively so that the decision reflects a common point of view concerning the current state of ICCs and their priorities in terms of development. The main interest of this participative approach lies in its direct contribution to an incremental sense making process towards a successful innovation strategy implementation. Furthermore, it should be emphasized that this approach requires special competences and knowledge that should not be overlooked. So 'innovation hubs' can be of relevant relays if necessary.

The following figure gives an overview of the suggested recommendations classified by components. It is in fact a graphic and generic vision of Table 1.

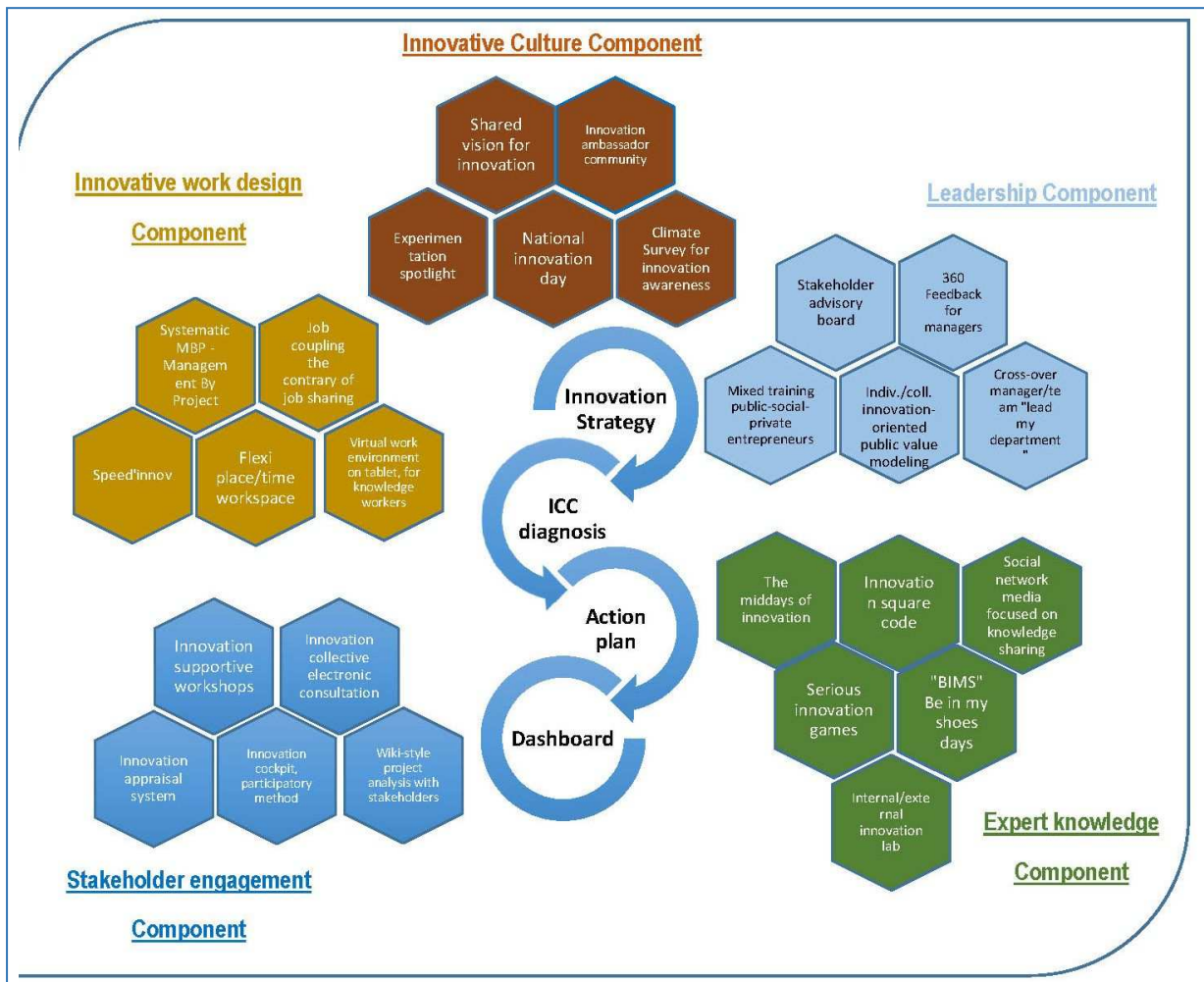


Figure 5: Generic overview of the recommendations

Each recommendation identified to realize the selected Innovation strategy needs to be assessed by reference to some predetermined criteria, thus enabling Public Administrations to define an action plan (possibly made up with several sub-priorities). The usual criteria supporting such a selection process are (1) criticality (i.e. contribution to the innovation strategy), (2) feasibility (i.e. the availability of the required resources), and (3) impact (i.e. added value). This may be evaluated by a Likert Scale (from 1= very low, to 5= very high), and by completing the following matrix:

Table 2: Recommendation Diagnosis Tool

| <b>Innov. Strategy &amp; corresponding recommendations</b>      | <b>Criticality</b><br>1.....5 | <b>Feasibility</b><br>1.....5 | <b>Impact</b><br>1.....5 |
|---|-------------------------------|-------------------------------|--------------------------|
| <b>Culture</b><br>- 11<br>- 12<br>- ...<br>- 15                 |                               |                               |                          |
| <b>Leadership</b><br>- 21<br>- 22<br>- ...<br>- 25              |                               |                               |                          |
| <b>Expert Knowledge</b><br>- 31<br>- 32<br>- ...<br>- 35        |                               |                               |                          |
| <b>Stakeholders Engagement</b><br>- 41<br>- 42<br>- ...<br>- 45 |                               |                               |                          |
| <b>Work Design</b><br>- 51<br>- 52<br>- ...<br>- 55             |                               |                               |                          |

The above tool has two main functions: first to make a diagnosis of the recommendations associated with the chosen strategy from those we suggest here. Second, depending on the results of this first analysis, to carry out *an additional analysis* of other recommendations that may be of particular relevance to the specific organizational context. In this case, we suggest collecting all the scores and computing the average (weighted where necessary according to the political and administrative agenda).

Following the analysis of potential recommendations, the action plan as such will then be elaborated according to a classical action plan template; the latter involves a definition of the persons responsible for the implementation of specific recommendations, deadlines and allocated resources, as well as the necessary communication actions to keep the different stakeholders informed.

Table 3: Piloting tool for an Action plan

| <b>Selected recommendations</b> | <b>Responsibility</b> | <b>Deadline(s)</b> | <b>Allocated resources</b> | <b>Communication actions</b> |
|---------------------------------|-----------------------|--------------------|----------------------------|------------------------------|
| R1                              |                       |                    |                            |                              |
| R2                              |                       |                    |                            |                              |
| ...                             |                       |                    |                            |                              |

### 3.5 Step 4: Innovation strategy dashboard (the monitoring system)

The innovation strategy dashboard should make it easy to follow the implementation and impact of the selected recommendations, according to specific objectives set according to the innovation strategy of the organization. The principle of a scorecard relies on a multidimensional vision of performance. Politicians and public managers may want to select specific indicators to pilot their own strategic, tactical, and operational targets. These indicators can be defined in participative sessions involving all relevant stakeholders and identifying the SMART+ dimensions: (a) Specific; (b) Measurable; (c) Attainable; (d) Realistic; (e) Timely; and (f) ethical. The table below illustrates an example of an operational, tactical and strategic dashboard pertaining to the recommendation "360° feedback for managers" (number 25) as part of the Innovation strategy number 6 "Innovation rewarding strategy".

Table 4: Dashboard for an action plan – 360 Feedback for managers as part of the innovation rewarding strategy

| Level of analysis                    | Operational :<br>implementation of the<br>recommendations      | Tactical: ICC development                                | Strategic: impact of the<br>innovation strategy and<br>overall impact |
|--------------------------------------|--|--|---|
| <b>Indicators</b><br>(to be defined) | Conception   | Improvement of leadership capacities                     | Perceived rewarding and recognition policy (subjective impact)        |
|                                      | Training of the evaluators and information of the stakeholders | Perceived evolution of leadership style                  | Effectiveness of rewarding and recognition actions (objective impact) |
|                                      | Implementation   | Objective measuring of the evolution of leadership style | Recognition and rewarding actions (objective criteria)                |

## Conclusion

In order to evolve in a complex and continuously changing, technical, social and regulatory environment, public organizations need to rapidly adapt their daily operations, but also their processes, products and services and more generally, their programmes and policies to these new challenges. Moreover, they should be innovative, and able to operate in a systemic way to answer efficiently and effectively to the demands of users, and professionals, thus reinforcing their credibility. Besides, the public sector needs to act as a catalyst to innovation for the society. As innovation was a term essentially coined by the private sector, public sector reforms have now been an opportunity for public institutions to create the necessary framework and conditions for innovation in public organizations. From now and for the future, it rests upon the public sector itself to be innovative in the pursuit of its political and administrative goals and achievement of its missions; hence, our innovation model and innovation strategies are especially designed for the public sector.

As smart organizations, the main motivation for public administrations to integrate our proposed framework for innovation, based on the implementation of a set of five components, is to enhance their innovation capability. This framework calls public actors and stakeholders to rethink public organization towards more openness and collaboration for public value creation and citizen value attainment. Thanks to these five different integrated and interrelated bundles of practices (with mirror interactions depending on their HRM or PSD links) supporting the effective management of collective intelligence and collaborative learning, public organizations will be ready to foster innovation in-house and among their stakeholders. In this respect, the framework presented in this report does not favor a specific PSD or HRM practice, nor a given leadership style or a particular type of innovation, nor is it related to the amount of devoted budget, even if these factors are of course possible drivers of innovation. Rather, this new framework is instrumental to the creation of pervasive smartness and quick insights, while integrating the expertise of multi-stakeholders and organizational knowledge for a trusted and informed decision-making process.

Potentially though, all the political and administrative actors may contribute to innovation. Probably the main challenge is to gradually remodel the cultural mindset in each national or organizational context, and to find the means to develop the appropriate leadership initiatives to create the conditions and pave the way for innovation. Even if innovation is not the ultimate purpose of any public sector organization, it is extremely important to define a strategy for innovation, in line with the overall organizational strategy. It is even better if this more global strategy is aligned with the Agenda 2020's main objectives, as more specific political and administrative objectives are adapted situationally along the way.

Of course, there is no guarantee for innovation, and despite the apparent complexity of our model, each organization could already start by emphasizing one or two particular aspects of the framework. In order to be as useful as possible in any political and organizational context, the main recommendations of this report have been formulated as innovation strategies. We suggest seven prospective strategies for innovation and their corresponding recommendations, thus breaking the structural silos within public organizations.

To put it in a nutshell, the main added-value of this study may be summarized as follows:

- The main trends of HRM & PSD practices, in relation to innovation,
- A new framework for an innovation diagnosis and actions to boost the innovation capability in the ecosystem of public organizations,
- A set of key HRM and PSD practices, the mix of which should produce the components of innovation capability within each public organization,
- A methodological process to successfully implement or develop those innovation capability components,
- A set of recommendations for supporting an innovation strategy in order to, as ultimate purpose, increase public value and citizens' outcomes.

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A partnership between the **Institut De Hautes Etudes en Administration Publique**, and  
the **Luxembourg Institute of Science and Technology**



In collaboration with the **European Institute of Public Administration**



## ANNEXES

# TOWARDS INNOVATIVE PUBLIC SERVICES

A framework for the development of the innovation  
capability of European Public Administrations

JANUARY 2016



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# ANNEX 1 - Main objectives of the research and detailed methodology

First of all, this study aims at depicting the major trends and challenges public sector organisations are facing related to public service delivery (PSD) and human resources management (HRM) processes, with a specific focus on innovation-enhancing practices. The second intention is to identify *inspiring practices* that relate to the challenges and promote innovation. These practices will be identified in such a way that they provide ‘solutions’ to the most significant challenges identified with a specific attention on trust and transparency.

A classical state of the art analysis was conducted, summarizing the main challenges and trends in PSD & HRM, with a specific focus on innovation. A data collection template and interview guidelines have been provided to identify inspiring practices in the two key topics, followed by the identification and description of 10 inspiring practices (5 x PSD and 5 x HRM), with prerequisites and success factors. The concluding part of the study elaborates a set of common & specific priorities in Europe for the next 5 years in terms of recommendations for the two key domains (HRM and PSD).

Specifically these four phases of the methodology are described as follows:

## 1.1 State of the Art (produced by IDHEAP & LIST)

The research team first classified and summarized the main trends and challenges related to PSD and HRM issues in the public sector, in relation to innovation, by scanning scientific literature and reports produced by leading institutions. A literature review of the publications was performed in major databases of management journals (ex - ISI Web of Knowledge-database, Scopus-database, Thomson, for the last 6 years, i.e. 2009 to 2015) and a selection of current European & international reports has been summarized (consultancy reports by the BCG, Deloitte and PWC and institutional reports by OECD, EIPA, etc.). The overarching idea was to identify how HRM and PSD practices support public organizations’ innovation capabilities. For the PSD literature, while focusing on central governments, we did not retain sectorial cases like welfare/health, education, defence, justice etc. because they are too specific. For the HRM literature, as innovation-focused researches are mainly done in private sector organizations, we broadened the scope of literature covered in order to include such publications.

In a nutshell, the database of publications analysed, displayed in the table 1 below, has been elaborated by using four different sources.

|  |   |
|--|---|
| <b>Analysis of HRM, PSD &amp; Innovation</b> | <b>Scientific publications (journals databases)</b> |
|  | <b>Consultancy reports (BCG, Deloitte, etc.)</b>    |
|  | <b>Institutional reports (OECD, EIPA, etc.)</b>     |
|  | <b>Grey Literature (Google Scholar)</b>             |

Table 1: Different sources for publications

Our target was to reach a threshold of 70 references distributed as follows: around 50 scientific publications for PSD & HRM and 10 x 2 references (PSD & HRM) drawn from consultancy reports, institutional reports and the grey literature<sup>1</sup>. A more fine-grained distribution was made for scientific articles following our main themes of interest for the study, their number being in function of the importance of the theme. Hence 5 scientific articles in *Performance and strategic management (Resource Based View)* ; 5 articles in *Organizational and innovation capabilities* ; 5 articles in *Innovation in the public sector* ; 15 articles in *PSD*, 15 articles in *HRM* and 5 articles in *Trust and transparency (open government)* were selected.

<sup>1</sup> Further articles have been analysed, and some of them included as references in this report

Table 2 below illustrates the distribution of articles per theme. Those 5 themes were deemed necessary to build up our conceptual framework.

| A total of 50 scientific references for both topics:<br>(Public Service Delivery & Human Resources Management) |        |
|--|--------|
| Key themes   | Target |
| Performance and strategic management, Resource Based View  | 5      |
| Organizational and innovation capabilities   | 5      |
| Innovation in the public sector in general   | 5      |
| PSD innovation cases   | 15     |
| HRM innovation cases   | 15     |
| Trust and transparency, open government  | 5      |

**1.2 Inspiring practices deployed within Public Administrations in the European Union** *(produced by EIPA with the methodological support of IDHEAP& LIST)*

In a second step, ten cutting-edge and representative organizational practices deployed by EU countries were described. Following the literature review, the suggested answers to the main challenges identified in phase A. have been listed, as well as selection criteria for the inspiring practices to be analysed. Interview guidelines (template) were defined in order to describe inspiring practices related to the 2 covered topics and to identify transferability and pre-requisite conditions. Evidences drawn from the inspiring practices will also be provided regarding their (expected) impact at organizational level in order to make them more attractive to readers and strengthen their ‘inspirational’ character. The top civil servants being involved in the development and implementation of the inspiring practices were contacted and selectively interviewed according to the interview guidelines. The team performed the description of inspiring practices using its network of key players within European countries.

**1.2.1 Selection criteria for inspiring practices** *(produced by IDHEAP & LIST)*

Two different sets of criteria were used to identify and select the 10 inspiring practices (5 x PSD and 5 x HRM) as key levers to innovation: firstly the criteria related to the content of the practices, and secondly some additional criteria drawing essentially on quality contests like the EPSA public award criteria.

To qualify for inclusion, practices had to fall firstly into one of the bundles identified for HRM and PSD, with each HRM bundle being matched with its equivalent for PSD. It should be noted that the initial focus might be on one dominant bundle or couple of bundles, but an overlap with other related bundles remains possible. For instance HRM1 should be mainly focused on the achievement of an open innovation culture, but will demonstrate some links with PSD1: innovation oriented culture. And vice versa: PSD1 should be mainly focused on the achievement of an innovation oriented culture, but will demonstrate some links with HRM1: open innovation culture. To summarize: the ten inspiring practices should cover all ten bundles. Firstly, each of them will be illustrative of one specific bundle, and secondly, each bundle should also consider the corresponding counterpart and finally check potential links to the eight remaining bundles.

For some of the following factors to be considered as additional criteria, we draw mainly from EPSA's selection criteria:

- Inspiring, creative and displaying uncommon ideas.
- Proven impact/results. The planned objectives and results should have been achieved and resulted in demonstrable (evaluated) impacts on a specific area of the public administration. Note: HRM & PSD results have to be considered as intermediate results, innovative public services and public value as ultimate results (outcomes).
- Sustainable. The practice having the specific propensity to be long lasting instead of being a short-term, one-shot change.
- Cost/ return on Investment (ROI). The resources /budget required to implement and monitor the practices should be adapted to the range of expected impacts.
- Implementation scope. The whole organization should be (ideally) targeted and not only one team or subunit.
- Adaptable/transferable. The possibility for the project to be considered as a good example for other organizations (in the same or in other domains of activity), or even with already organized transfer activities.

### 1.2.2 Suggested template for presentation (*produced by IDHEAP & LIST*)

The template matches one HRM bundle with the “corresponding” PSD bundle, according to the underlying idea that a specific set of HRM practices aligned to a set of PSD practices is intended to boost innovation and to ultimately deliver public value and citizens' outcomes. This is aligned with the Resource Based View theory which considers key assets of organization as being of **value, rare, and built in a long term perspective**.

Thus, for each inspiring practice, a main HRM or PSD focus is to be made according to the following *template*:

- *Key objectives and underlying vision* (ultimate purpose),
- *Main steps of the process* (design, implementation and monitoring of the practice),
- *Key results* (and corresponding indicators),
- *Interaction with other components of the innovation capabilities concept*. Potential links to the eight remaining bundles need to be checked,
- *Resources needed* (such as budget, HR, IT...),
- *Transferability and success factors*. Which particular aspects should be taken into account before and during the implementation of the practice? Lessons learnt from the implementation.

### **1.3 European perspectives and priorities for the next 5 years** (*produced by IDHEAP & LIST with the empiric support of EIPA*)

Finally, these trends in literature and practices were analysed in order to identify the main priorities for the next 5 years. The report should help political and administrative leaders to further develop the capacity of public sector organizations, anticipate and address the many challenges of the twenty-first century, and especially those related to the 2020 agenda in terms of open governance framework. Based on the literature review and on collected inspiring practices, the report suggests the main innovation strategies & associated recommendations to optimally respond to this agenda and highlight their implications in terms of governance.

### **1.4 Presentation of the results**

The main conclusions of this report have been presented during a one-day event in December 2015 within EUPAN session. During this event, presentations as well as workshops have allowed a first discussion of these conclusions and helped identify the next steps for the EU countries.

## ANNEX 2 - Main trends related to the two key topics of the study

### **2.1 Human Resource Management trends: an overview**

Traditional Weberian models seem not to function that well and NPM has now hit its limits in the public sector. Issues such as silo working, implementation deficit, and employee lack of line-of-sight need to be addressed in a novel way. Besides innovation, creativity and public systems engineering self-impose, given the growing complexity and instability in public organization contexts. Change has initially come from the willingness to get rid of the Weberian rigidity and switch to one Public Administration that is able to measure its performances and efficiency. Yet as the paradigm of a private-like management of public organizations is being limited by their specificities, a need for public culture needs to be designed in order to adequately respond to today's challenges. This seems to be the foremost important threat to the successful implementation of public reforms since a better understanding of the organizational cultural setting paves the way to fit HRM practices.

Talents analytics are at the heart of strategic development for organizational sustainability and should undergo the same close scrutiny as these of financial assets or other kinds of resources. An accurate vision of the competences at hand is the key to informed decision and forecasting. Elsewhere, an emerging issue seems to be the management of the relation between the employee and the work design, workplace design, and the employer-employee relationship. Companies are the place where employees have to find value for themselves. An adequate work design, workplace and employment relations may prevent routines from hampering creativity and innovation. As individuals' professional expectations are currently moving from a centrality of work in their lives to prizing a better balance of private and professional life, a new psychological contract is yet to be defined.

Other trends are particularly important in the public sector where the lead has to be taken in terms of employment and HR policies. Following NPM reforms, the peculiarities of the public sector have engendered a system characterized by its hybridity. This form of public resilience has to be analysed if we want to understand what kind of changes work in the public sector. The HRM trends in the public sector mostly stem from its social responsibility, and the role public organizations, which are at the frontline of public action, have to play in setting the standards of employment policies and practices. Hence their employee recognition, well-being, health management and performance management practices, profiling strategies through branding, and development of employability via training all participate to public social responsibility.

Furthermore, in order to develop their ability to meet the challenges of today and fit the new hybrid public organization culture, governments must depart from the ways they have traditionally been addressing a number of issues. As scientific research has come to demonstrate that durable commitment is one that stems from intrinsic motivation, HRM practices are progressively giving a place of choice to commitment enhancing. Else the management of demographics is self-evident as generation cohorts succeed to one another; retiring baby boomers are now being replaced by Generation Y and Millennials. It is now clear that public organizations' strength lies in their capacity to become agile and learning organizations, ripping the bulk of their competitive advantage in knowledge management. Above all, leaders' competences and style need to be redefined since they are the ones who take decisions in fine.

| Future trends in HRM                    | Short description   | Links with specific challenges  |
|---|---|---|
| <b>Managing demographics</b>            | <p>No organization is really protected from retirements and attrition. Yet most organizations are able to prepare themselves for those inevitable shortcomings. As the Baby boomers generation is now set to retire and be replaced by the Millennials, the need to implement a comprehensive system of organizational demographic management, and workforce planning becomes more and more urgent. Forecasting for staffing will enable companies to figure out how their workforce is to develop over the next 5, 10 and 15 years. The main challenges associated with these trends are: employer attractiveness for the new generation, retention management, knowledge capturing practices and a diversity culture which recognises age and generation differences as an asset.</p> | <p>This trend is indirectly related to innovation. Similar to other diversity dimensions (such as gender, education background, etc.), age diversity may contribute to innovation by offering a mix of values, experiences and competencies. Hence the need to ensure an knowledge and value transfer between generations is becoming more and more important. One second challenge along with age diversity is to capitalize on the innovation capability created by the colocation of diverse values and knowledge within the same organization. Securing a competitive advantage in terms of innovation is strongly linked to the ability to benefit from the solid experience of the future retirees.</p> |
| <b>Managing work-life balance</b>       | <p>As the frontier between private and work life has been more and more blurred, companies need to include this issue in their HR-policy as one of the key employee value propositions. With the changing paradigm in organization-employee relationship that shifts from one of loyalty and career in a single organization to that of a more protean management of one's professional life, organizations will have to increase their efforts and contribute to an emerging new psychological contract (Bietry 2012, Hall 1976).</p>  | <p>The decrease in work centrality alongside with implication in other roles (family, social activities) may increase employees' creativity and innovation potential, since they are influenced by different models and value frameworks. These multiple implications in different settings increase their indirect potentiality for innovation. Thus the link to innovation here is rather an indirect one. Accordingly organizations which embrace WLB may be more appealing to innovative workers.</p>   |
| <b>Well-being and health management</b> | <p>Workplaces have to be the avenues of professional and personal fulfilment in a safe and healthy environment: this is one of the most important (social) responsibilities of the employer. Employee well-being is seriously hindered by work environments and management styles obsessed by efficiency and performance. Yet overload is hard to measure and sometimes we come to notice it only when it is too late: when the incumbent reaches the</p>   | <p>An employee that is well treated at work will be more willing and more capable to innovate and generate novel ideas. There is a higher potentiality of contribution for those who feel well and healthy in their job. They also feel more supported by their employer, which ultimately increases their</p>  |

| Future trends in HRM                                  | Short description  | Links with specific challenges   |
|---|--|--|
|   | stage of the burnout and other sicknesses. Multiple and contradictory expectations from different stakeholders strongly contribute to this situation.  | commitment. Practices such as psychosocial risk prevention and health management, alongside with ergonomists interventions, are nowadays necessary to address this challenge.  |
| <b>Ethics and social responsibility</b>               | Ethics and social responsibility is where public organizations should take the lead as compared to private firms. Both are strongly rooted in the public sector's traditional principles of equality, fairness, respectfulness and citizenship. As public administrations are becoming more and more hybrid organisations, their capacity to stick to these core values at the heart of democracy is constantly being questioned. On the other hand, private firms are now adopting Corporate Social Responsibility (CSR) in a way to mimic the public sector.   | This challenge is in line with the branding argumentation (see below) and may indirectly contribute to innovation. Public sector organizations invest in people by training and empowering employees, enhancing their ethical judgement and ability to act in an effective and respectful way. Practices such as dilemma training, ethical codes of conduct and engagement towards diversity and disabled people, support to volunteerism, etc., create a respectful atmosphere of transparency and favour the emergence of trust. |
| <b>Managing change and cultural transformation</b>    | One of the main challenges of public sector organizations facing new values and expectations from the citizens, and renewed governance and management practices. The management of change and cultural transformation should contribute to the transition from a bureaucratic mind-set to a more entrepreneurial and customer-oriented public sector organization. The role of the HR function should therefore aim at assisting line managers to communicate and empower employees to effectively bring about the ongoing change. In the same sense, support for change has to originate from top leaders in a visible way. | <b>Innovation oriented culture:</b> directly prompting the innovation capabilities of organizations by developing a culture open to innovation and experimentation, where new ideas and suggestions are positively valued. This challenge also pinpoints more general societal cultural transformations, fuelling new values and attitudes characterizing the Twenty-first century.  |
| <b>Employer branding to foster its attractiveness</b> | Inherited from the marketing research, branding is culturally alien to the public sector. In order to gain visibility for the most interesting intrinsically-driven professionals, public sector organizations should develop their branding capacity to better highlight their core assets. Attracting and retaining the most talented workers requires that public organizations come with an employee value proposition that both promotes the organization's brand, and also meets the needs of that segment of employees, thus  | Getting the individuals who have the right talents and competences (i.e. professionals) to innovate remains a challenge for public organizations that have been depicted as rather static for long. The more an organization is able to advertise an image of itself as entrepreneurial, risk-open and knowledge-intensive, the more it  |

| Future trends in HRM  | Short description  | Links with specific challenges   |
|---|--|--|
|   | broadening their talent pool and creating the conditions for innovation.   | will be attractive for innovation-oriented employees.  |
| <b>Knowledge Management, becoming a learning organization</b> | Facing increasingly complex social demands and accelerated reforms, public sector organizations should be better armed with the necessary (collective) knowledge to keep pace. For a learning organization to emerge, organizations are in dire need of a genuine strategy focusing on the valuable knowledge already in possession (explicit & tacit), created through interactions and sharing between organizational constituencies. Managing and increasing knowledge capturing as well as knowledge transfer are now compulsory to support any organizational innovation strategy.  | In order to innovate, organizations need to address the issue of <b>capturing, creating and sharing knowledge</b> , especially (but not only, see PSD part) concerning internal knowledge. Here lies an avenue for trust building too. The initiation of quality circles and learning workshops at the shop floor level, the creation of multifunctional and cross-sectional teams and the building of internal and external (social) networks are some examples of practices that may help an organization take advantage of the potential of internal knowledge creation, and directly boost its innovation potential. |
| <b>Commitment enhancing practices</b>                         | Employee support and development is one of the most important drivers of motivation, engagement and retention (Deloitte 2014), but also of innovation. As most people are now looking for a job that inspires, impassions and fulfils their professional, personal and social goals, organizations must devise new ways for attracting and committing them. Here lies a huge opportunity for innovation, because innovation is mainly considered as an extra-role behaviour.   | <b>Organizational commitment to innovation</b> is at the heart of building internal capabilities for innovation. Practices that enhance commitment also boost individuals' willingness to engage in organizational citizenship resulting in autonomously taking initiatives and contributing with innovating ideas, aside from reinforcing an atmosphere of trust and transparency.  |
| <b>Performance management, rewards and recognition</b>        | Performance management is a critical issue in public organizations since not every public policy, as well as product and service, can easily be measured accurately. Employees' contribution to performance has proven to be especially important in the service industry and in the public sector as well. Furthermore, a good performance management system is the prerequisite for a motivating reward system (financial and non-financial) that is perceived as fair and just and that can support innovation. Linking individuals with team and organizational objectives is one of the key success factors for innovative organizations, but innovation-oriented behaviours must be identified and rewarded. | The capacity to innovate for an organization is inextricably linked to the way it manages and rewards performance. If too focused on efficiency and performance, employees may have no time for innovation. Hence the classical definition of performance needs to be revisited, especially for what concerns innovation. Managers should provide employees with developmental feedbacks on how their roles valuably contribute to organizational success and innovation. Besides, an open and   |



| Future trends in HRM                                | Short description   | Links with specific challenges   |
|---|---|--|
|   |   | transparent performance evaluation system makes the employer trustworthy.  |
| <b>Rethinking leadership competences and styles</b> | Leaders are one of the most important assets in organizations. They have a capacity for understanding quickly changing technologies and work environment, as well as human needs and motivations, in order to innovate and inspire others to perform. This is why leadership development must be part of the global HR strategy and supported by a genuine culture with reference individuals to coach and support prospective leader. In addition, flattening organizations requires transformational and ethical leadership, in order to support employees in their enriched responsibilities. The following skills are those that are highly expected from today's leaders: business acumen, collaboration, cultural agility, creativity, customer-centricity, influence and inspiration, building teams and talent (Deloitte 2014). | <b>Innovation supporting leadership</b> deals with how organizations equip their leaders with the necessary values and tools to support innovation in terms of processes, methods, collaboration and delegation styles, and ethics that build trust and transparency. Innovative leaders encourage employees to follow them and support their initiatives towards innovation.  |
| <b>Talent analytics and management</b>              | This trend is best epitomized in the IT sector where high-speed innovation often prompts organizations to look for specific and rare competences beyond the local, regional and national pool. Besides, companies as well as public sector organizations have come to realize that a strategic development of their business capabilities requires an assessment of the talented workers already in their possession (professionals, managers) along with their abilities to attract the highly skilled. This gives insights on what kind of strategy needs to be deployed in terms of recruitment, selection, evaluation and development of talents.   | Talent management is indirectly linked to innovation. As innovation has to be considered as a collective process of knowledge sharing, individual heroism towards innovation is not sufficient. On the other hand, talented managers and employees undoubtedly contribute to innovation by continuously challenging the existing processes and their underlying mind frames. This relates to the staffing for innovation motor of organizational branding as an indirect link to innovation. |
| <b>Training and employability</b>                   | Public employers ought to take the lead in setting up the path for others, especially in the field of continuous training and more generally, long term investment in people. They need to make sure that their employees are properly trained to meet the challenges of a changing public administration. These initiatives will enhance the employability of employees, and therefore increase their chances to be hired within other governmental sectors or outside the public sector. Furthermore, investment in continuous training addresses one of the crucial expectations of the new psychological contract in  | Continuous training and development, at all levels of the hierarchy, is to be privileged since it updates the technical competences required in the innovation process. Elsewhere a broad and flexible internal job market that is only possible with a better employability, creates the appropriate conditions for innovation as employees rotate on different positions, share their  |

| Future trends in HRM  | Short description   | Links with specific challenges  |
|---|---|---|
|   | public sector, i.e. the willingness to acquire new competencies.  | knowledge and bring new insights in their daily business.   |
| <b>Flexible work design</b>   | Workplace physical settings do a lot in employee well-being and motivation. With the changing workforce expectations, the shift towards “independent careers” and the diminishing centrality of work in individual lives, companies must find a way to generate value for both employees and the organization. Routine in organizational systems is known to prevent experimentation and innovation. Hence flexibility appears to be a solution. Flexible work design efforts range from the provision of flexible working options to workplace flexibility options. Flexible work design is an important feature of organizational agility, especially when supported by an appropriate leadership style focused on improving delegation and autonomy.   | <b>Flexible workplace design</b> clearly addresses the challenge of providing employees with the conditions necessary to boost their creativity. While flexible work options include flex-time, job share, study leave, phased retirement, compressed working week etc., workplace flexibility options encompass such arrangements as home working and mobile/remote working, multi-working sites/hubs and co-working. Such facilities contribute to knowledge sharing and the development of enriched internal networks, both in favour of innovation.   |
| <b>Reskilled HR professionals and business partnerships (HR as a strategic partner)</b> | The acknowledgement that merely acting on organization’s structures and processes is not enough to impulse valuable change has become widespread with the development of the strategic HRM research. HR departments thus need to develop a sound knowledge of the organization’s core business as well as the ability to measure their added-value following the most modern standards (qualitative, quantitative and financial). According to the Boston Consulting Group (BCG 2015), “Top executives expect their HR managers to demonstrate business acumen, pragmatism, and efficiency while supporting cultural change and increasing overall skill levels at the company”. All the above mentioned trends will be effectively addressed by public sector organizations only if HR specialists and line managers effectively collaborate to implement cutting-edge HR practices. | Organizations have to innovate in their provision of products and services to citizens: this is the core responsibility of politicians and public managers. But HR specialists need to be informed and understand the key challenges and organizational capacities to face these; otherwise no good work is possible. In this regard, HR specialists and managers should be given the opportunity to enrich strategic discussions at all levels of the hierarchy by infusing these with HR insights. Besides, HR teams should be taught how to manage innovation, in order to include this knowledge in the HR policies and tools designed to be implemented in their organization. |

## 2.2 New Public Service Delivery trends: an overview

Demographic evolution is a general trend affecting public as well as private organizations. It results in new expectations regarding the quality and adaptability/personalization of the services provided. The differences between generations are more marked and the globalization of the economy is reflected by increased competition. Public administrations faced these changes in demand in the past years and developed new models and practices to address them. New Public Management (NPM) is the dominant managerial paradigm in public administration. Combined with the use of Information and Communication Technologies (ICT), it has increased service delivering efficiency. According to OECD and European report on e-government deployment in Europe, great improvements have been made, but there is still progress to be made. Regarding current public budgetary constraints, it is likely that public organizations will continue to pay attention **to service-delivery efficiency improvement**. Innovate to increase service-delivery efficiency appears as a constant trend in public management theory and practice (incremental innovation).

In parallel, NPM deployment has led to increased criticism about it. Different alternatives have been introduced during the ten past years: **Public Value Management** (Stoker, 2006), **New Public Service** (Denhardt, 2011), **Service-Dominant Approach** (Osborne et al., 2013), **Open Government** (US President B. Obama, 2008<sup>2</sup>). These alternatives highlight other trends faced by public administration with regard to their purpose and their processes. These trends are more a matter of radical innovations that address both the internal processes of public organization and its services.

Regarding public administration purpose, Stoker (2006) for instance claims that *“providing services is no longer a sufficient justification for state intervention funded by citizen [...] the question that has to be answered is: Does the service advance valued social or economic outcomes? Does it deliver Public Value?”*

Organizational attention should not be only focused on organizational processes but also on **public administration contribution** to achieve value resulting from the delivery of specific benefits directly to the public. From this perspective, **value or results expected** are defined as **Citizens Outcomes** (Denhardt, 2011): political efficacy, social trust and civic engagement. In addition to service-delivery efficiency, Public Administrations have to ensure the effectiveness of public policy, increase trust between public administration and the public they are supposed to serve (companies, citizen), as well as emphasize democratic norms and citizen engagement in the conduct of public administration.

To achieve these purposes, some common conditions have been defined in terms of organizational processes. First of all, the **involvement of citizens and all relevant stakeholders** in selection, design, delivery and assessment of public services is essential. The second condition is directly related to the previous one: in order to ensure citizens involvement, public administrations have to set up **hybrid organizational designs** to manage collaboration with their external and internal stakeholders. The third condition is also deduced from the first one and is about Governance and more specifically about what O’Leary and al. (2006) called **Participatory Governance**<sup>3</sup>. Last but not least, there’s the adoption **of Social Technologies** that allows an easy access to information, collaborative activities and better interaction between administrations and citizens.

To increase Public Value and to develop the necessary organizational capabilities, public administrations have to adopt a new innovation framework. A raising consensus tends to consider it as collaborative (Hartley et al., 2013), open (Mergel and Desouza, 2013) and service-dominant (Osborne et al, 2013).

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<sup>2</sup> US President B. Obama (2008), Transparency and Open Government, Memorandum for the Heads of Executive Departments and Agencies, [https://www.whitehouse.gov/the\\_press\\_office/TransparencyandOpenGovernment](https://www.whitehouse.gov/the_press_office/TransparencyandOpenGovernment) (last accessed on 26th June 2015)

<sup>3</sup> “Is the active involvement of citizen in government decision making. Governance means to steer the process that influences decisions and actions within the private, public, civic sectors” (p.8).

| Trends in PSD                                     | Short description  | Links with specifics challenges  |
|---|--|--|
| <b>Digital Revolution</b>                         | <p>The impact of technology on the delivery of public service is a key trend. The private sector is living a digital transition. The OECD identified Information and Communication Technologies (ICTs) as one of the most innovative approaches in service delivery, and which enables governments to meet new demands for online services, to tailor services to individual needs through service personalization and to reduce transaction costs (OECD, 2012, DG Connect, 2013).</p> <p>Open data and social media lead to more information and knowledge exchange as well as to enhanced connectivity, openness and transparency. The increasing connectivity of citizens and businesses, the possibilities for people to work together, perform tasks and distribute workload regardless of distance and boundaries as well as the availability of previously closed information and data, mean that government tasks can also be performed completely or in part by citizens, companies or others (DG Research &amp; Innovation, 2013).</p>   | <p>Social networking offers new ways to both deliver public services and enable citizens to participate; Open/Big data and predictive analytics help to identify new service opportunities for citizens and businesses; The advent of the smartphone enables citizens to access public services from anywhere at any time; Cloud-based solutions, public and private, can transform interoperability and service provision. (DG Connect, 2013)</p> |
| <b>Improve public service delivery efficiency</b> | <p>In Europe, the weight of state represents the half of EU Gross Domestic Product (GDP). Budget debt crisis is urging States to reduce public expenditures. Public Service spending has been dried up in many countries (PWC, 2013). Public services must find ways to solve “the public productivity puzzle” (Accenture, 2012).</p> <p>New Public Management has been introduced as a way to increase Public Service Delivery Efficiency by reaching operational excellence through, for instance, outsourcing, sharing back office function, administration streamlining, elimination of waste with lean approaches, delivery channel optimization.</p> <p>This approach of service improvement has been fostered by the development of Information and Communication Technologies (Fishenden and Thompson, 2012). Many reports acknowledge a progress made by the state in using these technologies to increase the delivery of public service. There is still improvement to achieve, and there are new opportunities arising, especially thanks to data mining and analytics technologies (United Nation, 2014). Using these technologies leads to tailoring services to individual needs through service personalization, and to reducing transaction costs (OECD, 2012; DG Connect, 2013).</p> <p>Improving Public Service Delivery Efficiency by using technologies’ capabilities appears as a constant trend in Public Management.</p> | <p>To ensure the delivery of effective and valuable public services, specific attention should focused on the decision cycle, the collaboration and the stakeholder management in and out of public administration and the managerial communication. Public Organizations have to be process based as well as result oriented.</p>   |
| <b>Opening Service Public</b>                     | <p>Coined by Moore (1995<sup>4</sup>), Public Value was institutionalized as an organising principle in public administration. Originally, Value is</p>  | <p>Opening Public Service Delivery processes implies a</p>   |

<sup>4</sup> Moore M. (1995), *Creating Public Value - Strategic Management in Government*, Cambridge: Harvard University Press.

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| <p><b>Delivery process to reach new Public Value</b></p> | <p>the result of ideas proposed by public employees and applied to improve the work of administrations. From 10 years ago, this conception of Public Value has evolved.</p> <p>From now, Value results not only from improving government itself, but also from political and socio-economical returns of public administration activities. Accordingly, expectations toward public service delivery should now be expressed in terms of both efficiency and effectiveness. Reflexions on public administration contribution to political and socio-economical returns have been started (see for example Work foundation (2005) for UK and Meynhardt, Bartholomes (2011) for Germany). In the US, President B. Obama has launched the Open Government Initiative which <i>“will strengthen our democracy and promote efficiency and effectiveness in Government”</i><sup>5</sup>.</p> <p>Within public service delivery, public administrations have to contribute to the development of democratic value or citizens outcomes (Denhardt, 2011): trust and civic engagement. Managerial focus should not only focus on the internal working process, but also on the public administration impact regarding political and socio-economic issues.</p> | <p>different management paradigm than which is used to increase service delivery efficiency. This new managerial paradigm should give specific answers to the three core public challenges (performance, accountability and equity).</p> <p>To face these challenges, public administrations have to develop specific organizational capabilities that allow: 1) the involvement of public administrations’ stakeholders and more particular citizens ability; 2) to manage collaboration with internal and external stakeholders; 3) to manage and combine knowledge coming from internal and external sources. Development of these new organizational capabilities implies a suitable cultural context.</p> |
| <p><b>Stakeholders Participation</b></p>                 | <p>There is a growing trend to involve citizens/stakeholders in the public decision making process (Hartley et al., 2013). The future of government is less and less in the hands of governments alone (DG Connect, 2013). The United Nations e-Government Survey (2014<sup>6</sup>) uses a three-level model to describe citizens/stakeholders participation. It moves from passive to active engagement with people. The model includes: 1) e-information that enables participation by providing citizens with public information and access to information upon demand; 2) e-consultation by engaging people in deeper contributions to and deliberation on public policies and services; 3) e-decision-making by empowering people through co-design of policy options and co-production of service components and delivery modalities.</p> <p>The trend is to move the level of citizens/stakeholders participation to a more active one. E-participation, then, is the process of engaging citizens through ICTs in policy and decision-making in order to make public administration participatory,</p>   | <p>Bringing together the relevant and concerned actors in sustained interaction might fail because there is no history of interaction or because there have been bad experiences with such interactions (Hartley et al., 2013). In order to motivate relevant actors to spend time and energy on interactive participation, public administrations have to set up and deploy Public Participation Processes (Bryson et al., 2012) that brings together administrations and citizens in a learning cycle. To this end, a Knowledge Management process is</p>  |

<sup>5</sup> President Obama, 01/21/09, <https://www.whitehouse.gov/open>

<sup>6</sup> United Nation (2014), E-government Survey 2014, e-government for the future we want, Economic and Social Affairs, p.61

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|  | <p>inclusive, collaborative and deliberative for intrinsic and instrumental ends.</p>  | <p>required. Actually, a Knowledge Management process could also foster the development of absorptive capabilities(Szymaniack-Mlicka, 2014).</p>   |
| <p><b>Collaboration and transverse Organizational Design</b></p> | <p>Collaboration in public organization occurs in various settings: <i>“both in a vertical context through levels of government and in a horizontal context in which an array of public and private actors are mobilized”</i> (O’Toole and al., 2005).</p> <p>New perspectives associated to innovation tend to expect organizational arrangements that allow a larger integration of both vertical and horizontal context. External actors are mobilized to collectively define, design, produce and assess new public services. Social technologies create new ways to support such collaboration between public administrations and their stakeholders. Social technologies adoption by public administration leads to the development of collaborative public management capability, i.e. <i>“the process of facilitating and operating in multi-organizational arrangements in order to remedy problems that cannot be solved – or solved easily – by single organization”</i> (McGuire, 2006:33).</p> <p>Partnership, co-creation, co-design and co-production are the new “Must have” capabilities of public service delivery (PWC, 2013). The required Public sector innovation will be diversified in hybrid organizational models. A set of design principles that should be at the heart of the public sector: co-design and co-creation of innovative solutions; adopting new and collaborative service delivery models (across public, private and non-governmental organizations, both within and across national borders); embracing creative disruption from technology; adopting an attitude of experimentation and entrepreneurship.</p> | <p>To collaborate, actors should recognize the need to exchange or pool ideas and resources in order to address common problems. Management of knowledge should contribute to enabling knowledge flows between public administrations and their stakeholders. In addition, in order to avoid conflicts of interest that could prevail over common interest, public administrations have to pay attention to the making of common sense on collective action.</p> |
| <p><b>Transparency and Accountability</b></p>                    | <p>Transparency implies some consequences on accountability principles in public management. According to Stoke (2006), when public administrations open their services delivery process to external partners, accountability depends on negotiated goals’ setting and oversight. Public managers share an accountability duty with people involved in the design and implementation process of public service. For Wacchus (2014), this represents what he calls <i>“modern governance: high levels of complexity and uncertainty, and collaboration among interdependent actors working in relatively flat and decentralized relationships characterized by fluid participation”</i> (p.577).</p> <p>When citizens are actively involved in government decision making, governance means to steer the process that influences</p>  | <p>The collection, processing, and transformation of information are essential features of modern governance (Crozier, 2015). It requires stakeholders participation); the development of common sense about collective issues or problems as well as knowledge management.</p>  |

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|  | decisions and action within private, public and civic sector.<br>Governance becomes “participatory” (O’Leary et al., 2006). |  |
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## ANNEX3 - Key selected practices: an overview

### 3.1 HRM practices

| N°            | HRM Practices  | Definition  |
|---------------|--|---|
|               | <b>HRV1- Open Innovation Culture</b>   | <i>Some features of the public sector culture (absence of rewards and resistance of the personnel to change) are not in favour of innovation, not to mention the insufficient political support, and potential negative reactions of citizens (and taxpayers) in the case of experimentation - or even innovation failure. Innovation-oriented culture is a mix of creativity, openness and receptiveness to new ideas, risk-taking, willingness to experiment, and entrepreneurial mind-set: all these factors support the intention to be innovative.</i> |
| <b>HRV1.1</b> | HR policy and chart (creativity, openness and receptiveness), and strategic alignment with IOS | Design of charts and policies that shape a clear direction and orientation towards innovation (innovation oriented strategies).   |
| <b>HRV1.2</b> | Staffing for innovation (competencies and motivation, diversity of leaders and employees)      | Recruitment should make the organisation attractive to open-minded, risk taking individuals, not resistant to change.   |
| <b>HRV1.3</b> | Collective appraisal/rewards and recognition for innovation                                    | Performance appraisals assessing the job done at individual and group/team levels and clearly rewarding innovation initiatives.   |
| <b>HRV1.4</b> | Distributed heroism towards innovation   | Acknowledgement and praise of initiatives for work process, products/services improvement and innovation, as a collective and not an individual responsibility.   |
| <b>HRV1.5</b> | Organisational slack and experimentation   | Allow time slacks for innovation and avoid an excessive emphasis on efficiency.   |
|               | <b>HRV2- Innovation supporting Leadership</b>  | <i>Leaders strongly influence the performance of organisations, and sometimes represent the most influential factor of success, also for innovation. By facilitating entrepreneurship, supporting change processes and empowering people, leaders play a key role in innovation, also in the public sector, where the culture is commonly described as risk-adverse and routine-oriented. Leaders should also be creators, innovation entrepreneurs, innovation packagers and innovation diffusers.</i>   |
| <b>HRV2.1</b> | Transformational leadership building   | Transformational leaders support the change process by empowering people and increase their self-esteem and self-efficacy.  |
| <b>HRV2.2</b> | Collaborative and distributed leadership building  | Collaborative leaders build communities, foster mutual learning and hence solve problems.   |
| <b>HRV2.3</b> | Delegation and empowerment-oriented leadership (ambidextrous)                                  | Leadership behaviours should combine flexible methods to stimulate employees in order to liberate their innovative potential and give them the necessary autonomy to cope with changing requirements.   |
| <b>HRV2.4</b> | Ethical leadership to build trust and transparency   | Ethical leaders build trust and emphasize openness, transparency and optimism.  |
| <b>HRV2.5</b> | Competency for innovation (processes and methods)  | Leaders should get innovation competences and employees should be given the tools and taught the competences that enhance their innovations capacities.   |
|               | <b>HRVB- Knowledge creation, capturing, and sharing</b>  | <i>Since the knowledge produced within one organisational setting is context specific, organisations need to found their innovation strategy on that know-how, created through interactions and sharing between organisational constituencies. Knowledge sharing is a social process and supposes interactivity during the everyday practices, because employees possess idiosyncratic in-depth and highly context-dependent knowledge.</i>   |
| <b>HRVB.1</b> | Quality circles and learning workshops at the shop floor level                                 | Process redesign and improvement involving street-level employees who self-organize meetings to share their experiences.  |
| <b>HRVB.2</b> | Building internal and external (social) networks, weak links                                   | Intra or extra-organisational network (real or virtual) linked by the desire to infuse and diffuse knowledge and innovation.  |
| <b>HRVB.3</b> | Multifunctional cross-sectional teams  | Teams composed of individual working on the same type of processes even if not necessarily within the same units.   |
| <b>HRVB.4</b> | Job rotation and horizontal career paths, generalist profiles                                  | Career paths at the functional level (and not at the structural or hierarchical level) to boost job enlargement and employability.  |
| <b>HRVB.5</b> | On-the-job education and self-development  | Individuals are trained in normal working situations, they receive direct instructions and by the way and they share their tacit knowledge (which is the most important and relevant knowledge).  |
|               | <b>HRV4- Organisational Commitment to innovation</b>   | <i>High-involvement and commitment-based HR practices, focused on ability-enhancing (i.e. developing competencies) and opportunity-enhancing (i.e. developing empowerment and job enrichment), positively influence a supporting leadership style, co-workers' support, which all in turn positively influence intrinsic motivation and ultimately innovative behaviours.</i>   |
| <b>HRV4.1</b> | Information sharing and communication  | Strategic information sharing and communication at all levels of the organisation.  |
| <b>HRV4.2</b> | Participative and non-controlling leadership style   | Leaders should find a good balance between control and participation from their subordinates.   |
| <b>HRV4.3</b> | Training and development in a long term perspective  | Training initiatives not only for the immediate needs but to foster development and employability in a long term perspective.   |
| <b>HRV4.4</b> | Participatory control practices  | Employees (co-)define the key indicators of their performance (or the performance of their unit) and therefore have a say in the appraisal and control of their work.   |
| <b>HRV4.5</b> | Job security and organisational support  | Organisations are responsible for providing a secure or at least a clear basis for the employment relationship.   |
| <b>HRV4.6</b> | Developmental feedback and performance appraisal   | The appraisal system should put emphasis on developmental issues instead of a pure evaluation of (past) performances to be sanctioned or rewarded.  |



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| <b>HRV5- Flexible work design</b> |  | <i>Having spaces where individuals can meet without the burden of formal responsibilities, positions and rules is seen as crucial to innovation. The way work is structured within and across organisations may have an impact on innovation: this includes the development of spaces and innovative methods to structure teams, break down silos and work in partnerships across organisations and even sectors, thus launching new networks.</i> |
| <b>HRV5.1</b>                     | Flexible, competency-based organisation, heterarchy  | Organisation structure and projects mainly based on competencies instead of position, hierarchy and power issues.  |
| <b>HRV5.2</b>                     | Team and process-oriented organisation               | Organisation charts and structure not mainly based on specialisation, but on processes and teamwork.   |
| <b>HRV5.3</b>                     | Empowerment, decentralisation and responsabilisation | Structure and charts where larger aspects of responsibilities are left at employee discretion.   |
| <b>HRV5.4</b>                     | Flexible work time                                   | Flexible working hours making it possible to balance private and professional life whenever possible, and work during one's most productive time.  |
| <b>HRV5.5</b>                     | Flexible collective workspaces, co-working           | Workspaces designed according to different types of work (individual task, group meeting, interviews, etc.) and which may be freely and flexibly used according to the need of the employees.  |

### 3.2 PSD practices

| <b>N°</b>                               | <b>PSD Practices</b>   | <b>Definition</b>  |
|---|--|--|
| <b>PSD1—Innovation oriented culture</b> |  | <i>Organisational culture refers to the values, beliefs and assumptions held by organisational members. In the public sector, organisational culture does not really match with innovation. Innovation capabilities development requires an innovation oriented culture.</i>   |
| <b>PSD1.1</b>                           | State organisational values consistent to innovation           | As organisational values shape organisational culture, Public Administration has to promote values that are consistent with innovation (Openness, Transparency, Collaboration, Experimentation...).  |
| <b>PSD1.2</b>                           | Promote and manage a risk culture                              | Innovation supposes to take risks. To be innovative, Public Administration should reduce its risk aversion by promoting and managing risks related to innovation.  |
| <b>PSD1.3</b>                           | Build partnership with innovation lab/hub/factory              | Innovation consists of the development of new resources and/or a new combination of resources. To increase its propensity to innovation, Public Administration should involve external partners that can help him to acquire new resources or new combinatorics.   |
| <b>PSD2—Sense making</b>                |  | <i>As an organisation, Public Administration orders flux of human action through particular meanings and rules. The act of making sense of and giving sense to the interpretation of a new vision for Public Organisations are the key processes to help instigate and manage innovation.</i>  |
| <b>PSD2.1</b>                           | Collective observation and discussion of the current situation | It takes an actor concerned by innovation to observe what happens and to collect different data or knowledge. Wider system exploration requires looking at every new situation with an open mind.  |
| <b>PSD2.2</b>                           | Develop a shared understanding of the situation                | This implies to put the emerging understanding into a new framework to provide the actor with an order, which means to "use images, metaphors and stories to capture the key elements of a new situation".   |
| <b>PSD2.3</b>                           | Ensure learning formations                                     | We usually learn about a situation by acting and watching the reaction. Action is a key sense making tool. It is often wiser to begin with and learn from experimentation, before acting in the larger system.   |
| <b>PSD3—Knowledge Management</b>        |  | <i>Due to the growing complexity of organisational contexts, knowledge management has become more and more challenging: "Knowledge is now 'liquid' in that it is randomly distributed across several sources or 'knowledge carriers' with an enormous regional spread, it is highly mobile, and it is challenging in an interdisciplinary sense." Therefore the effective processing of knowledge (including identifying, sharing &amp; using it) plays an important role in the development of innovation capability.</i> |
| <b>PSD3.1</b>                           | Ensure knowledge exchanges between stakeholders                | One key activity to manage knowledge is knowledge sharing. Knowledge sharing is an activity through which knowledge is exchanged among stakeholders. Knowledge sharing could be achieved within the adoption of social technologies.   |
| <b>PSD3.2</b>                           | Collecting stakeholders knowledge                              | Open and collective innovation development implies the collection of the knowledge provided by both public and private actors (i.e. companies, ONGs and citizens). Knowledge collection can be described as either push or pull process. The latter occurs when Public Administration actively seeks knowledge sources, while a knowledge push is when knowledge is "pushed onto" Public Administration.   |
| <b>PSD3.3</b>                           | Support the development of a common knowledge                  | In the context of innovation, the purpose of knowledge sharing and knowledge collection is twofold: (1) develop new knowledge that (2) becomes common to all involved actors.  |
| <b>PSD3.4</b>                           | Make knowledge available to internal and external stakeholders | In order to maintain a knowledge flow between stakeholders, it is necessary to ensure the availability of knowledge. This can be achieved by knowledge sharing, but also by providing an open access to a knowledge base.  |
| <b>PSD4—Citizen Involvement</b>         |  | <i>The engagement of external stakeholders appears as the main trend in the literature dedicated to Public Administration, with a specific focus on citizens. Citizens participation ensures a better adoption of new services and increases the citizens outcomes from the delivery of these new services.</i>  |
| <b>PSD4.1</b>                           | Openness   | Trust that is built on openness, integrity and transparency, remains an overarching goal to foster an effective and performance-driven public sector. That is also useful in delivering better public services, more efficiency and promoting open and transparent government. Indeed, open government public sector reforms, aimed at creating more transparency and <i>open-to-the-public</i> information, access to data and more accountability are all measures taken to improve trust in public organisations.       |
| <b>PSD4.2</b>                           | Inclusiveness  | Inclusiveness - enlarging the scope of Stakeholders' range of views and representations - brings efficacy and equity and strengthens the public debate, creating ownership and contributing to the delivery of better public services.   |

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| <b>PSD43</b>                               | Co-production                                  | Co-production practices are defined as a way of planning, designing, delivering and evaluating public services, which draw on direct inputs from citizens, service users and civil society organisations. Co-production practices cover a wide range of practices, as many potentially sources of innovation: a better alignment of results with citizens' aspirations and needs (leading to higher user satisfaction), better outcomes in terms of reducing production costs (increased value for same money) or reinforced capacities to face complex societal problems. |
| <b>PSD44</b>                               | Citizen centricity                             | Opening public services to citizens, or rather involving them through partnerships or participative approaches, leads to more efficacy (a wider range of views) and equity (a wider representativeness), i.e. better understanding of the citizens' needs, in order to make a better match between the delivery (quantity and quality) of services and expectations of society, thus leading to greater user satisfaction.   |
| <b>PSD5—Collaborative and digital work</b> |  | <i>Collaboration in public organisation occurs in various settings: "both in a vertical context through levels of government and in a horizontal context in which an array of public and private actors are mobilized". Therefore collaborative activities should involve different levels of government and other administrative agencies as well as external stakeholders.</i>   |
| <b>PSD5.1</b>                              | A common collective purpose to work            | To bring Public Administration and its stakeholders together requires the existence of a common goal. This common goal is usually a problem that the actors most care about.   |
| <b>PSD5.2</b>                              | Teamwork and organisational agility            | Collaboration is essentially a teamwork activity. It requires the involvement of two or more actors with complementary knowledges and skills. Furthermore, teamwork implies organisational agility that allows the deployment of internal and external resources required to achieve the common goals.   |
| <b>PSD5.3</b>                              | Deliberative process implementation            | The common goal of the Public Administration and its stakeholders is produced through a complex process of interactions that involves deliberative thoughts over inputs and opportunity cost.  |
| <b>PSD5.4</b>                              | Relevant online and social technology adoption | New technologies and participative webs and platforms have a crucial role to play in improving public service delivery. Social media has opened a porthole in which dialogues between Public Administration and stakeholders can take place. This gives the public an opportunity to speak to and hear from the Public Administration, thus building up a stronger relationship.   |

## ANNEX 4 - Key definitions of Innovation Capability Components, and corresponding recommendations

### 4.1 Innovation Capability Component: Innovative Culture

| Innovation Capability Component | Description of component   | Set of Key Recommendations   | N° | Description of Recommendations   |
|---------------------------------|--|--|----|--|
| <b>Culture</b>                  | <p>The culture of public sector organisations is not innovation-oriented: (among other factors) a restrictive and rigid legal framework, the absence of competition, a routine, low risk and experimentation adverse culture, the absence of rewards and recognition and distrust to stakeholders, not to mention the insufficient political support and potential negative reactions of citizens (and taxpayers) in the case of experimentation - or even innovation failure.</p> <p>An innovation-oriented culture is a mix of creativity, openness and receptiveness to new ideas, risk-taking, willingness to experiment and entrepreneurial mind-set among leaders and employees and external stakeholders.</p> | <b>Shared vision for innovation</b>  | 11 | All-inclusive strategic meetings with employees group representatives (not only managers, but also employees at the shop floor level) and external stakeholders. By inviting them in the co-design of a vision for innovation, organisations create a supporting culture in terms of distributed heroism towards innovation. |
|                                 |  | <b>National innovation day and innovation award once a year (AdminJam)</b> | 12 | Establish a frame for sharing and rewarding of innovative ideas, staff and stakeholders are further encouraged to come forward with innovative ideas with the aim of improving the current situation or suggesting new ways of delivering services.  |
|                                 |  | <b>Innovation ambassador community</b>                                     | 13 | Set up a community of ambassadors in key positions, who actively support ideas and projects so as to gear them toward innovation and creativity.   |
|                                 |  | <b>Experimentation spotlight</b>   | 14 | Allow and actively support experimentation in the development and implementation of reforms, policies, regulatory initiatives and other change-making initiatives that target the public.  |
|                                 |  | <b>Climate survey for innovation awareness</b>                             | 15 | In creating a large-scale survey providing fast feedback from inside and outside to assess innovation levers and barriers within a specific domain.  |

## 4.2 Innovation Capability Component: Leadership

| Innovation Capability Component | Description of component   | Set of Key Recommendations                                   | N° | Description of Recommendations   |
|---------------------------------|--|--|----|--|
| <b>Leadership</b>               | <p>As an organisation, Public Administration is an attempt to order flux of human action through generalizing and institutionalizing meanings and rules.</p> <p>Any changes imply to modify both meanings and organisational rules. Accordingly, the act of making sense and giving sense to a new vision on Public Administration constitutes key processes for the initiation and management of innovation.</p> <p>Sense making and sense giving have been highlighted by scholars as key leadership activities in times of organisational transformation. In other words, leadership is crucial to innovate.</p> <p>Leadership requires specific managerial abilities and organisational processes. At organisational level, Leadership consists in creating an emerging picture that becomes more comprehensive through data collection, conversation, action and experience.</p> <p>This organisational capability relies on the public managers who are able to facilitate change by producing meaning and share it with internal and external stakeholders.</p> | <b>Innovation capability Dashboard</b>                       | 21 | Dashboard of innovation capability, made up of all the five components and their corresponding practices, which gives an overview of the current development and main improvement avenues. |
|                                 |  | <b>Stakeholders advisory board</b>                           | 22 | In every policy domain, where products or services are delivered to end-users, such stakeholders' advisory boards should be introduced in order to open the governance process.            |
|                                 |  | <b>Mixed training "public-social- private entrepreneurs"</b> | 23 | Joint training of entrepreneurs / start-up managers, social entrepreneurs and public managers, to share and develop a common innovation sense and practices.                               |
|                                 |  | <b>The cross-over manager/team - "Lead my department"</b>    | 24 | Managers from different units switch roles for some weeks/months with an innovation report at the end.   |
|                                 |  | <b>360° feedback for managers</b>                            | 25 | Systematic feedback from the bottom and from horizontal partners, allowing public managers to improve their transformational leadership skills.  |

### 4.3 Innovation Capability Component: Expert Knowledge

| Innovation Capability Component | Description of component  | Set of Key Recommendations                             | N° | Description of Recommendations   |
|---------------------------------|---|--|----|--|
| <b>Expert knowledge</b>         | <p>From a resource-based perspective, innovation consists of the development of new resources and/or new resources combinations.</p> <p>Among these resources one seems more important than others: Knowledge. Improving knowledge gathering, sharing and creation allows the Public Administrations to increase their innovation capability, to improve existing services or to develop new ones.</p> <p>Knowledge is randomly distributed across several internal and external sources.</p> <p>Therefore knowledge management in the Public Administrations requires the development of spaces and time dedicated to knowledge exchange between relevant stakeholders (communities, social networks).</p> | <b>Social network media focus on knowledge sharing</b> | 31 | Internal and external (limited to relevant stakeholders) social networks would make it possible to build up thematic networks within and outside the organisation working in line with the organisational goals and mission, thus allowing a shared knowledge based on experience. |
|                                 |   | <b>BIMS "Be in my shoes" days</b>                      | 32 | Non-leader employees would move to other positions/jobs in the same public policy domain for a workday or more, with a debriefing once back "home". This concept would also be applicable for partners and end-users whenever possible.  |
|                                 |   | <b>Innovation terminals</b>                            | 33 | Innovation self-help mechanisms, self-help manuals and serious games for innovation hosted by <i>innovation terminals</i> possibly with real-life, scenario games aiming at developing knowledge and competences.  |
|                                 |   | <b>Innovation Square Code</b>                          | 34 | Interactive and digital feedback from employees and stakeholders via a flash code appearing on documents given out to the end users. This feedback mechanism should replace traditional questionnaires and phone surveys.  |
|                                 |   | <b>Internal/external innovation Lab</b>                | 35 | Internal/external innovation lab instead of the classical organisational unit in charge of organisation. This lab would gather people with competences for innovation, and would provide support for employees and stakeholders.   |
|                                 |   | <b>The middays of innovation</b>                       | 36 | A press conference-style regular discussion session with stakeholders on the innovations being implemented or planned, allowing insights from a different perspective  |

#### 4.4 Innovation Capability Component: Stakeholders involvement

| Innovation Capability Component | Description of component   | Set of Key Recommendations                              | N° | Description of Recommendations   |
|---------------------------------|--|---|----|--|
| <b>Stakeholders involvement</b> | <p>High-involvement HRM practices are a concrete signal of the company's support, trust and commitment towards its employees which in turn leads to innovation. Commitment-based HR practices encompass selective staffing to improve employee-organisation fit, extensive training, broad job description and flexible job assignments, team-work, performance-based compensation (individual, collective and organisational), developmental and merit-based performance appraisal and encouragement of participation. By the same token, the engagement of external stakeholders appears as one of the main trends in literature dedicated to Public Administration and innovation.</p> <p>Citizens participation ensures a greater effectivity and acceptance of the services delivered, thus increasing their trust and support.</p> <p>Four types of practices, which are not mutually exclusive and can be combined, may be necessary for citizens' involvement: openness, inclusiveness, co-production and citizen-centricity.</p> <p>To summarize, the component practices may foster internal (employees) and external (citizens) engagement in the same movement towards innovation and the production of public value and citizen outcomes.</p> | <b>Innovation-supportive workshops</b>                  | 41 | Innovation-supportive workshops where employees get support for the development of their own ideas for new or improved services / processes.   |
|                                 |  | <b>Wiki-style project analysis with stakeholders</b>    | 42 | Innovation Wiki-analysis; project launching and management using a collaborative, enlarged, comprehensive, multi-stakeholder, dynamic and wiki-style (open) analysis process.                  |
|                                 |  | <b>Innovation appraisal system</b>                      | 43 | Annual appraisal of innovation and learning as a complement or to replace the current performance appraisal systems, with possible input from external stakeholders (end-users).               |
|                                 |  | <b>Innovation cockpit based on participatory method</b> | 44 | A virtual room where inside and outside actors can get information and give comments on the state of current and forthcoming projects (in fact the innovation landscape of a specific domain). |
|                                 |  | <b>Innovative collective electronic consultation</b>    | 45 | A systematic but punctual electronic voting mechanism for critical issues concerning employees and stakeholders directly, which could be implemented before or during meetings.                |

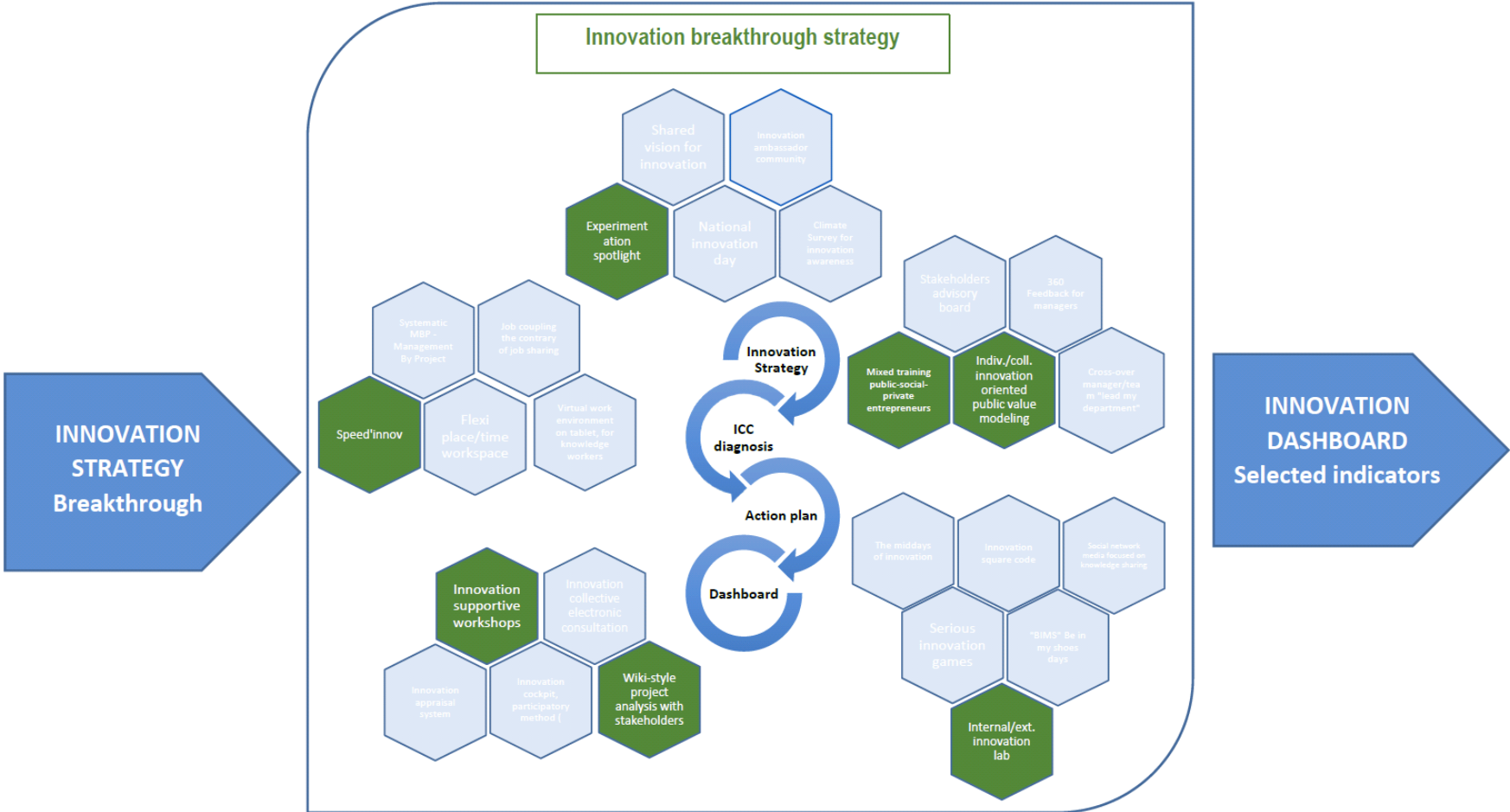
#### 4.5 Innovation Capability Component: Innovative working design

| Innovation Capability Component  | Description of component   | Set of Key Recommendations   | N°        | Description of Recommendations  |
|----------------------------------|--|--|-----------|---|
| <b>Innovative working design</b> | <p>In order to develop fast organisational knowledge creation, it is important to collect real-time info, constantly monitor and share knowledge, discuss, reflect, document knowledge, experiment and simulate. Highly adaptable infrastructure, i.e. flat hierarchy, minimal formal authority, minimal routinisation and standardisation and informal coordination, are highly valuable in this respect.</p>   | <p><b>Speed' innov</b></p>   | <p>51</p> | <p>A series of 45 workshops in a speed dating manner, enabling brainstorming and cross idea generation between managers and selected stakeholders.</p>  |
|                                  |  | <p><b>Systematic MBP (<i>Management By Projects</i>)</b></p>             | <p>52</p> | <p>Systematic Management by project management where every employee is at least involved in one project a year.</p>   |
|                                  | <p>Beside empowering people, it is important to redesign organisations. The way work is structured within and across organisations may have an impact on innovation: this includes the development of spaces and innovative methods to structure teams, to break down silos and work in partnerships across organisations and even sectors, launching new networks. All these practices may not be effective, if the organisational design is not flexible.</p>  | <p><b>Flexi place-time workspace</b></p>                                 | <p>53</p> | <p>Developmental flexi-place/time management, through workspace providing different types of “micro-work-environment” for different types of activities, thus giving the choice following one’s current activities.</p> |
|                                  |  | <p><b>Virtual work-environment on tablet (for knowledge workers)</b></p> | <p>54</p> | <p>Providing everywhere the opportunity to work, learn and exchange with stakeholders about the business and simultaneously connecting employees to the organisation.</p>   |
|                                  | <p>Activities should involve different levels of government and other administrative agencies as well as external stakeholders. First of all, organisational designs should raise the awareness of shared purpose. Secondly, they suppose team working and organisational agility. Thirdly, relationships between an administration and its stakeholders have to be deliberative, and not only communicative. Fourthly, appropriate technologies are used to support interaction and coordination between the involved actors.</p> | <p><b>Job-coupling (the opposite of job-sharing)</b></p>                 | <p>55</p> | <p>Systematic coupling of two complementary jobs, providing a single but enhanced “job description” leading to more flexibility, exchange and learning opportunities.</p>   |

# ANNEX 5 – Innovation strategies and corresponding recommendations

## 5.1 Innovation breakthrough

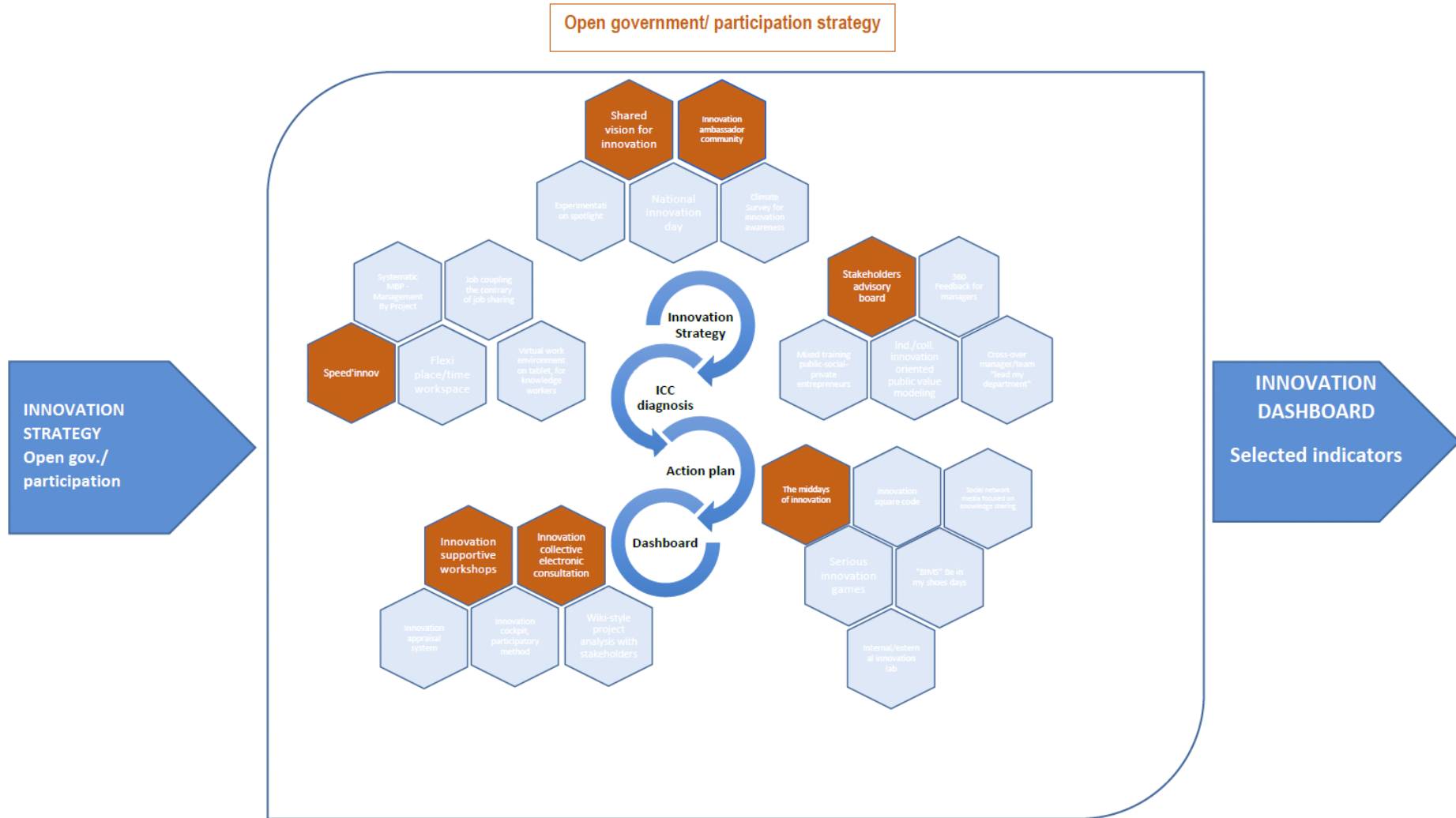
Quick win and cherry-picking. Main objective: achievement of first results to make a difference, on a short term basis.





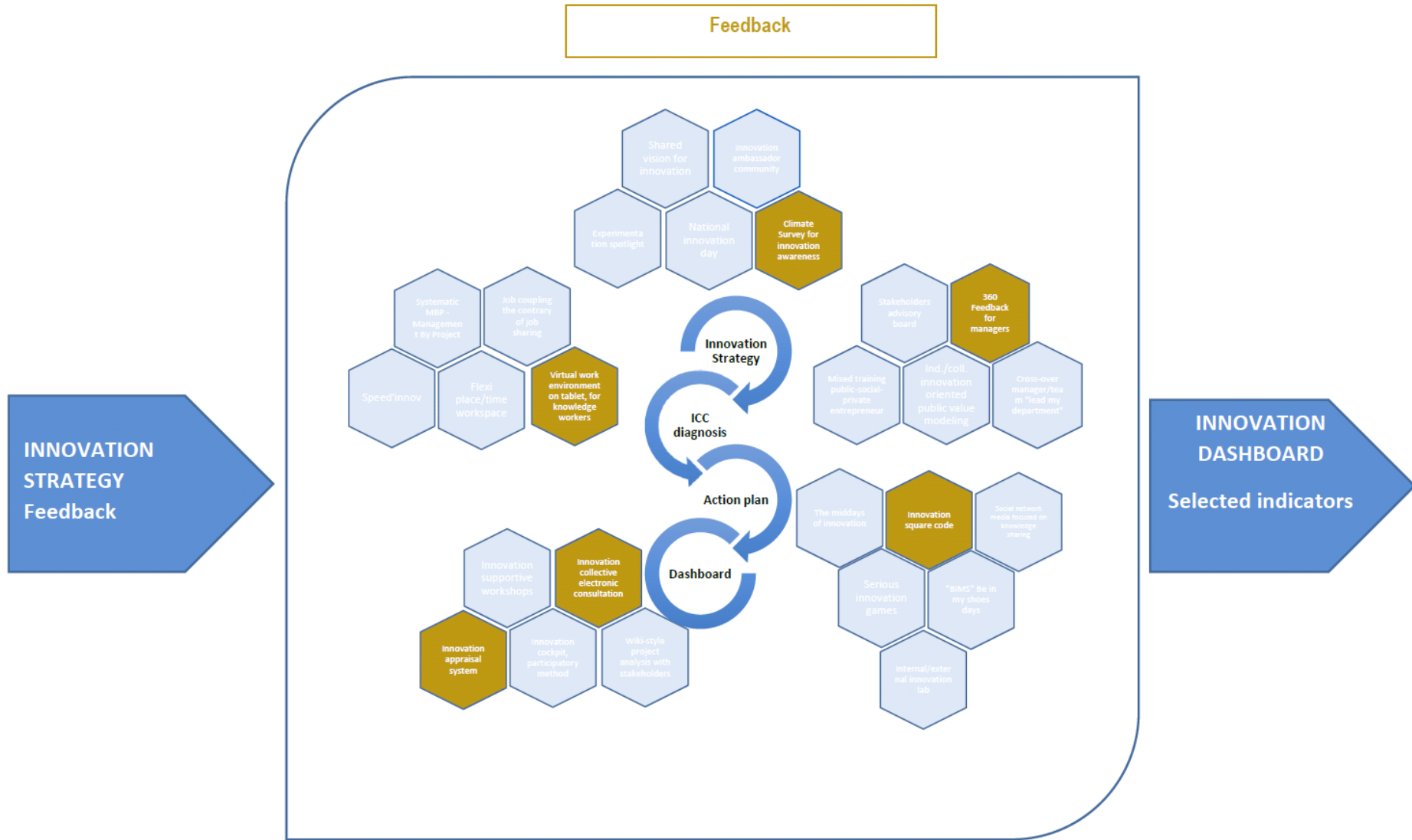
## 5.2 Open government and stakeholder participation

Main objective: co-design and co-produce public value by involvement of selected stakeholders.



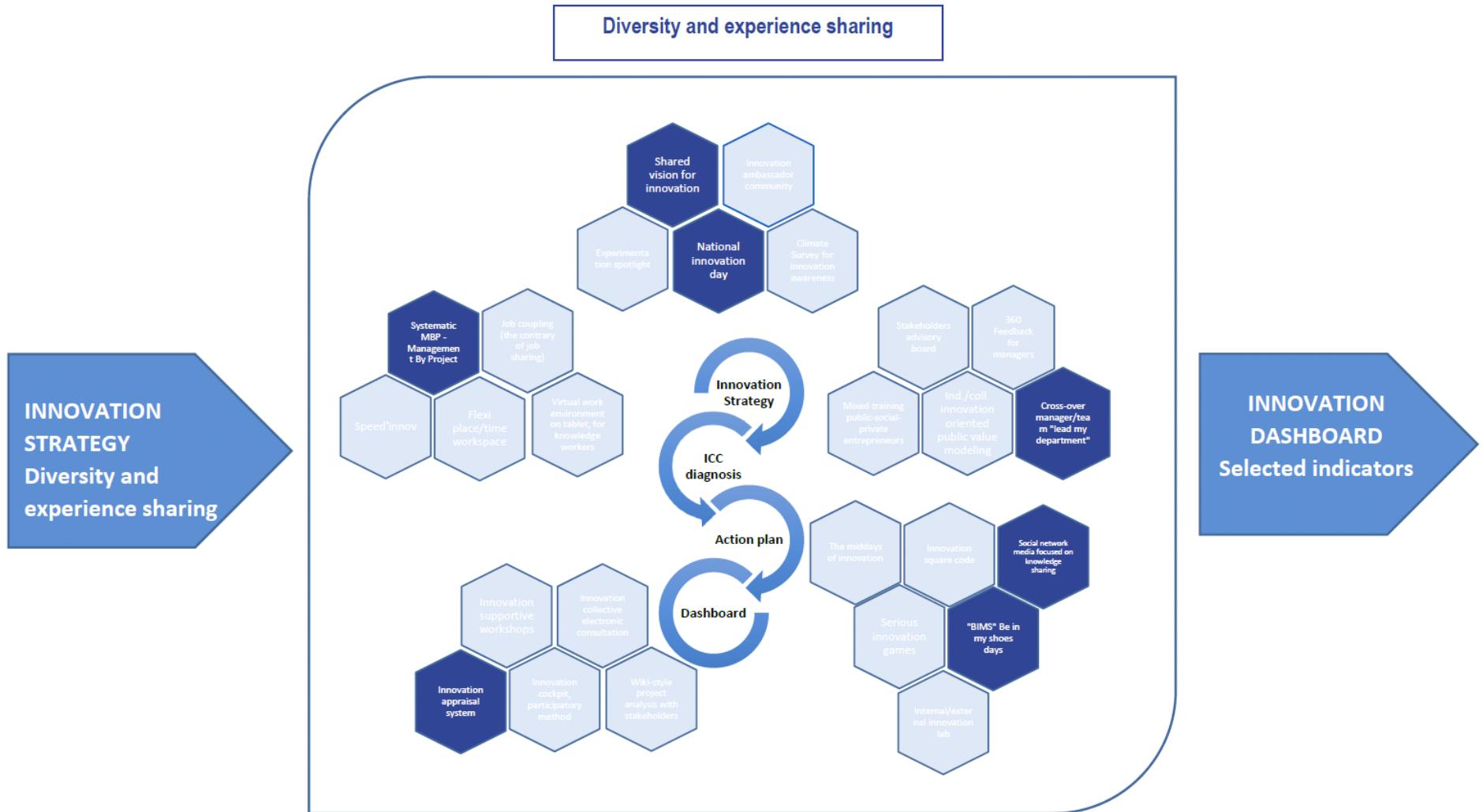
### 5.3 Feedback enhancement

Main objective: get systematic information about your products, services, practices and innovation initiatives.



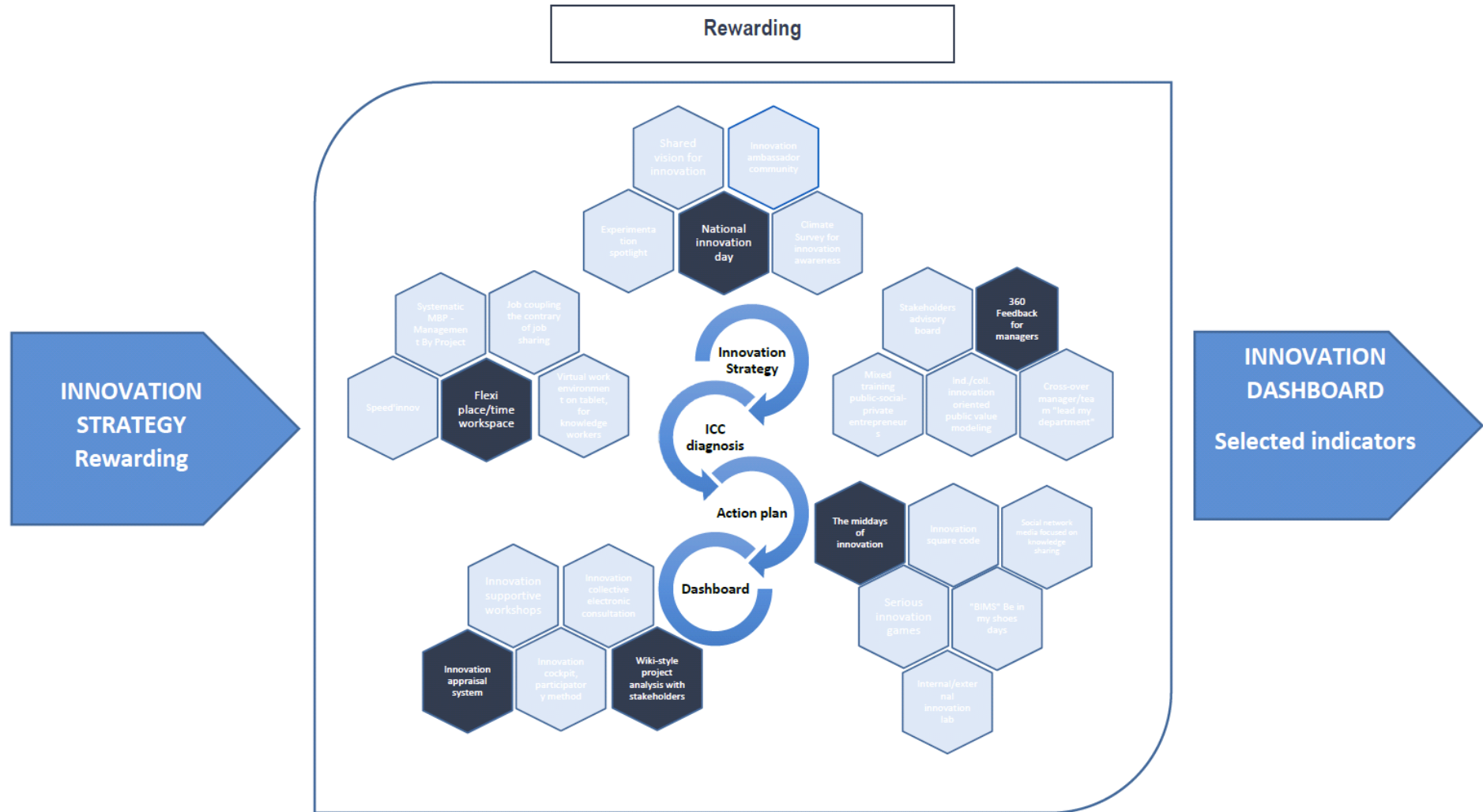
## 5.4 Diversity of experiences

Main objective: sharing your key knowledge or assets.



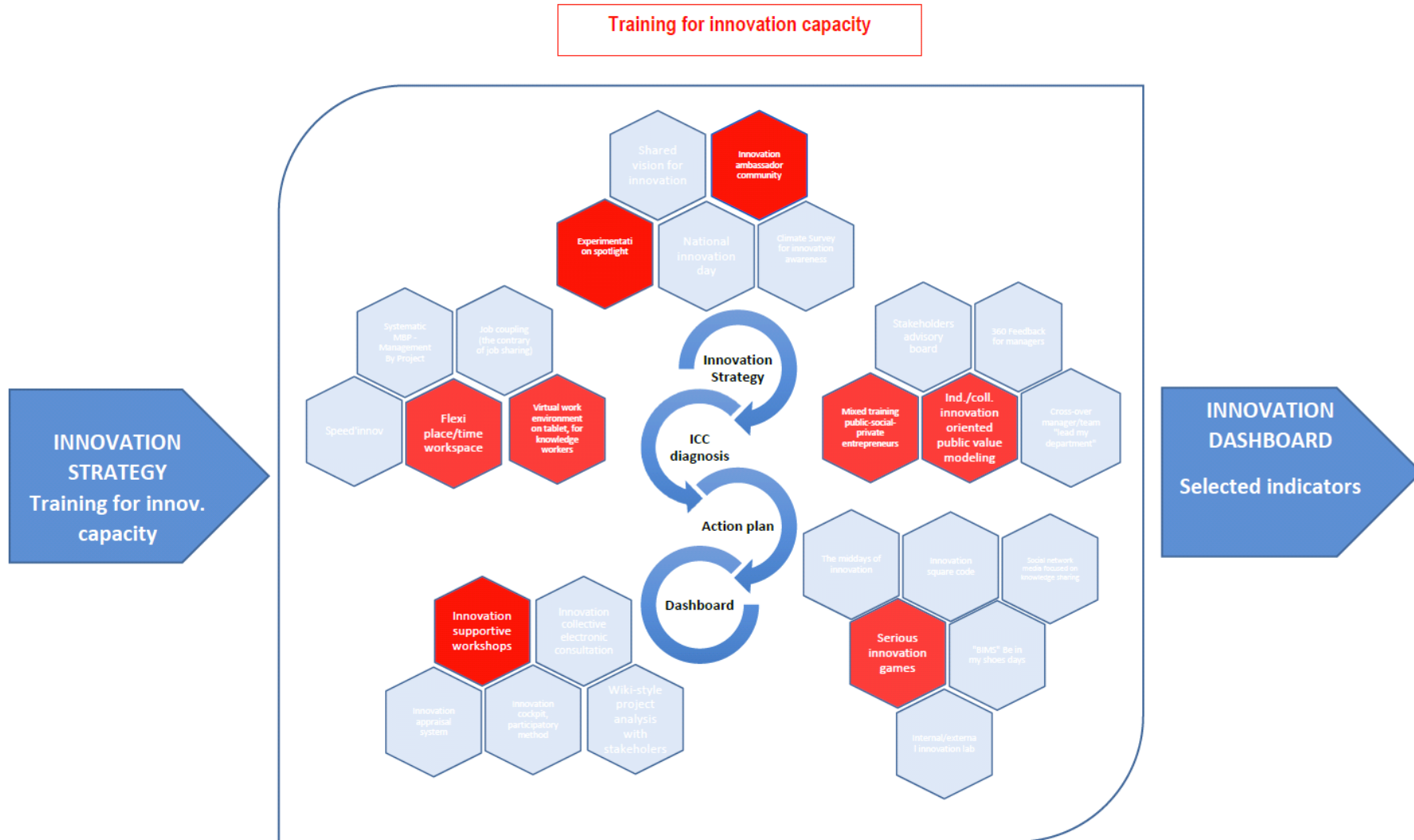
## 5.5 Innovation-rewarding strategy

Main objective: strengthen your reward and recognition practices for outstanding internal and external stakeholders and initiatives.



## 5.6 Training for innovation

Main objective: invest in people to boost innovation initiatives.



## ANNEX 6 – Inspiring practices

### 6.1 HRM practices

| <b>HRM1 Open Innovation culture</b>   |   |
|---|---|
| HRM1 Innovation-oriented culture includes HR policies encouraging creativity, openness and receptiveness to new ideas and strategic alignment with an innovation-oriented strategy of both organization and organizational slack and experimentation. Furthermore, they include collective recognition for innovation and a participatory approach towards innovation; staffing for innovation and distributed heroism towards innovation.  |   |
| <b>Case: A Wealth of Ideas, Denmark</b>   |   |
| 'A Wealth of Ideas' is a best practice model on how to facilitate an open innovation culture in the Danish health sector. The new innovation culture was launched through the 'A Wealth of Ideas' scheme, setting out to do the impossible: to make a move to boost public sector innovation by inviting frontline staff to come forward with their innovative ideas. The hospital decided to foster innovation across the organization, supporting the visionary employees in their work across departments and at the same time reaching out to partners in the private sector. |   |
| <b>Contextual information</b>   |   |
| <b>Title of practice</b>  | <b>A Wealth of Ideas, Denmark</b>   |
| <b>Organization</b>   | Rigshospitalet - Copenhagen's University Hospital   |
| <b>Size of Organization</b>   | 8.000 employees   |
| <b>Type of sector</b>   | Health  |
| <b>Website</b>  | <a href="http://www.rigshospitalet.dk">www.rigshospitalet.dk</a>  |
| <b>Core of the practice</b>   |   |
| <b>Background</b>   | <p>Patients are not patients anymore. This calls for an accelerated public sector innovation process, scoped at improving patient flow and adding flexibility where it is viable from a clinical perspective, thus pushing the boundaries between the hospital and in the patients' home in the direction of a higher at-home treatment allocation.</p> <p>'A Wealth of Ideas' was founded when the management at the hospital participated in the Innovation Leadership Challenge programme in 2012 – a programme that Innovation Center Denmark, Silicon Valley, Department of Business and Stanford University had developed for global companies' top executives.</p> <p>The Innovation Leadership Management programme took public and private health care executives through an innovative journey. The course was offered in 2012-14 with a new class each year, with participation from industry representatives as</p> |

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|                               | <p>well as hospital executives from Denmark. The programme included the following topics and elements: innovation, idea generation, problem-solving and management of innovation change processes. The purpose for the management at the Rigshospitalet to participate in the programme was to equip the management with tools to drive innovation processes with a perspective to provide better services to patients and at the same to ensure budget savings.</p> <p>Successful processes around turning medical research into treatment exist, but this did not translate into other organizational improvements. Good ideas are often inconvenient in that context. The Innovation Leadership course was instrumental in getting the management to realize how exciting and rewarding it can be to apply innovative mindsets to every-day scenarios. What happens when one of our employees comes to us saying, <i>"I have this great idea, why don't we change these things around, get other departments involved and perhaps get some external assistance from the private sector?"</i> Before launching 'A Wealth of Ideas' the answer to this question was hard to come by because the organizational culture was not really open to innovation. There simply wasn't any dedicated forum where innovative ideas could be submitted, vetted and perhaps developed. This was the challenge that the executive Director at Rigshospitalet, and some of his colleagues brought with them to the <a href="#">Innovation Leadership Management course</a>, dedicated to assisting health executives in addressing and implementing their "innovation intent", which in Rigshospitalet's case later turned into 'A Wealth of Ideas'.</p> <p>Through the training, the management at the hospital realized that in order to ensure innovation it is necessary to create the framework and allocate the resources that make it possible. In an organization with 8,000 employees and an annual budget of 0.9 billion EUR - a certain organizational hierarchy is obviously needed.</p> |
| <p><b>Key objectives</b></p>  | <p>The specific aim of 'A Wealth of Ideas' was to support groundbreaking innovation and to create an environment in which it is accepted - and expected - that public servants can think laterally and radically about problems and policy solutions and where they can put forward their ideas internally, without inhibition.</p> <p>The project consists of three main elements:</p> <ul style="list-style-type: none"> <li>• Support an innovation culture at the hospital and inspire front staff to come forward with entrepreneurial ideas. Management will listen and screen ideas, choose and invest in ideas, support and lead the way to collaboration across the organization and sectors as well as carry the best ideas to the citizens/the market.</li> <li>• Further the development of ideas and innovation in close dialogue with the employees.</li> <li>• Support innovation in smaller companies outside the hospital by demanding products and services benefitting the patients.</li> </ul>  |
| <p><b>Main activities</b></p> | <p><b>1. Establishment of innovation frame.</b> The Development Unit at the hospital established a frame for rewarding and recognizing staff that came forward with innovative ideas to improve both the patient care and the efficiency of the</p>   |

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|  | <p>hospital's work processes. The unit created a support scheme ensuring the organizational support and free time for the employees (6 months for development and testing of the ideas – 6 months free time provided to the project leader of each project) to focus on innovative ideas presented by employees in the different departments and clinics of the hospital.</p> <p>Through an open call under 'A Wealth of Ideas', staff was invited to submit innovation ideas for further development and support through the Development Unit. In the first round of applications under the call, applicants had to submit a two-page project description of their initial ideas.</p> <p>The Board of Directors was actively involved in the development of the frame and thus created a supporting culture in terms of a participatory approach towards innovation (i.e. everybody can be an innovator).</p> <p><b>2. Selection of ideas.</b> In total, 10 projects from the 'A Wealth of Ideas' call were chosen from a pool of 75 applicants of which 30 were invited into a pre-project to qualify their ideas and specify end user value. At the end of the 6 months, the 2 very best projects were judged on their organisational impact.</p> <p>It is important to highlight that all 75 proposals received the attention of the management and the director. Projects and innovation ideas that were not among the selected 10 pilot projects were guided in other directions for development.</p> <p>Applications were submitted directly to the Board of Directors. The selection of the 30, the 10 and the final 2 projects receiving financial and managerial support for across hospital roll-out was made by an Innovation Board of 8 members, 5 of which came from private companies well familiar with innovation processes. The Innovation Board was established for the purpose of the 'Wealth of Ideas' project.</p> <p>It was acknowledged that a certain organizational hierarchy is obviously needed in a large, complex university hospital, but a guiding principle of 'A Wealth of Ideas' is to short-circuit this. The project wanted to teach employees to be entrepreneurs capable of operating in a market-like context where their ideas can benefit all patients.</p> <p>The selected projects received support from an internal "Change and Innovation" consultancy team from the Development Department. This team supported and coached the 10 projects' managers in project management. Every 3<sup>rd</sup> week, the project promoter would meet with the individual project managers ensuring the projects were driven forward. In addition to this, the project managers participated in a customized Innovation training programme organised by DTU Business, providing training in topics like innovation, design, strategy development and communication.</p> <p><b>3. Implementation.</b> Implementation is anchored in the clinics where the specific prototypes are to be applied. The implementation team receives intensive training. Each team member thus has a full knowledge and understanding of the specific concept and is capable of operating the concept and interacting with patients.</p> |
|--|---|



|                                |  |
|--------------------------------|--|
|                                | <p>Out of the received 75 proposals for improvement, the selected 10 pilot projects were each allocated a 6-month development period through an innovation scholarship grant, allowing the idea to be tested and developed further. The other projects were finding other ways for implementation in the relevant clinics (e.g. test run of pilot solutions in specific clinics, or further research in relation to a specific topic or through new ways of collaboration with external partners).</p> <p>One key learning point is thus that one innovation project creates high awareness. Training and development activities directed at the directly involved doctors and nurses as well as clinical staff were a vital part of the innovation project in The Hematology Clinic at Rigshospitalet. Nevertheless, others looking at this understood the message that innovation is on the agenda. The clinic wanted to enhance a culture that sees change as positive. Thus, in parallel with the main project, numerous small-scale innovations got under way.</p>  |
| <b>Key operational results</b> | <ol style="list-style-type: none"> <li><b>1. Overall results.</b> Innovation Center Denmark, Silicon Valley, is impressed with the approach to innovation in 'A Wealth of Ideas'. According to Søren Juul Jørgensen, Executive Director of Innovation Center Denmark, Silicon Valley: <i>"It is quite unique that a hospital decides to use as many resources to foster innovation across the company, strengthening the visionary employees to work across departments and at the same time reach out to partners in the private sector. Rigshospitalet is not just talking about innovation, they create it. We are very proud to have been involved in facilitating this and would love to continue working with the health care sector to develop similar projects for the benefit of users and patients"</i>. It has meant the establishment of a supportive frame for innovative ideas to come forward from employees by rewarding and recognizing ideas through the 'A Wealth of Ideas' scheme. In terms of the organizational culture, an "entrepreneurial" spirit was cultivated among staff by the management. In addition to this, the communication between staff and management became much closer and direct in terms of discussion on how to improve effectiveness and efficiency through innovation processes.</li> <li><b>2. Specific results from the two pilot projects: healing at home.</b> As mentioned above, two out of the ten projects that qualified for the finale have been selected to receive financial and managerial support. Both projects, the 'chemotherapy at home' project and the 'treatment with the pump' aim to reduce time spent at the hospital and to allow for patients to be in their own home, where they can be with family, have their own food and be more physically active than during a normal hospitalization for chemotherapy purposes. The feedback from the patients contains improved quality of life, quality time with their family during chemotherapy, relief on being able to eat their own food, more opportunities for activities, all in all allowing the maintenance of general physical functioning, which is not always the case for patients admitted to the hospital for prolonged periods.</li> </ol> |
| <b>Resources needed</b>        | <p>'A Wealth of Ideas' has a budget of DKK 5 million (approximately EUR 650,000 – out of a yearly budget of 0.9 billion EUR for the hospital sector). This includes the 10 scholarships and out-of-pocket expenses related to the development of prototypes, external training sessions and project documentation. Support from the internal "Change and Innovation" consultancy team is</p>   |

|   |   |
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|   | <p>not included in this as it has been regarded as a part of their portfolio. The budget for 'A Wealth of Ideas' is, compared to the overall budget for Rigshospitalet of 0.9 billion EUR, a very small project which has achieved a number of impressive results and spinoffs.</p> <p>DTU Business (Technical University of Denmark) has provided training in the methods and tools typically used in executive leadership programs.</p> <p>Due to its success, running another scheme for 2016 is currently discussed.</p>  |
| <p><b>Transferability and success factors</b></p> | <p>There is a potential for successful replication in other areas of the public sector across Europe.</p> <p>In order to enable an open innovation culture the following features are required: an explicit open innovation orientation at the strategic and political level, support of experiments and prototyping of innovative actions and the use of different public private partnerships to carry out innovative activities. The public sector thus becomes a partner for solving the societal challenges and in provision of the public service delivery.</p> <p>The overall success factors of the 'A Wealth of Ideas' initiative is grounded in five elements:</p> <ol style="list-style-type: none"> <li><b>1. Development of a culture for creativity.</b> Management has created through its prioritisation of 'A Wealth of Ideas' a culture for creativity, and receptiveness to new ideas. The attention of the management gave staff direct access to their attention for discussion of innovative ideas.</li> <li><b>2. Development of the idea.</b> The 6-month scholarships provide time for the staff to develop the idea into prototypes and implementation.</li> <li><b>3. Diversity of the board for selection.</b> The set-up of the innovation board for selection of the project proposals included management, staff of the Development Unit as well as external members from the business community. The 'external eye' on the proposals gave room for more ideas and experimentation.</li> <li><b>4. Characterization of the foundation.</b> The foundation is a <i>culture</i> characterized by trust, open-mindedness, curiosity, courage and the ambition to invest relatively limited resources and time in the future competitiveness of an organization. To be added on top of this is the ability to look at organizations from an end user perspective while identifying the key touch points. The focus must be on applied innovation and patient-oriented solutions instead of isolated research and development projects.</li> <li><b>5. Establishment of an innovation support team.</b> Use of a facilitator ensuring the change process and the establishment of a bottom-up innovation culture. In the 'Wealth of Ideas' the Development department established an innovation support team which provided facilitation and coaching to the 10 selected pilot projects from the call round.</li> </ol> |

| Linkages to HRM and PSD bundles         |   |
|---|---|
| <b>HRM1 Innovation-oriented culture</b> | <p>The HRM1 Innovation-oriented culture, and the HR bundle to foster an innovation-oriented culture in the public sector focuses on an open exchange of new ideas, promotes participation in decision-making, has clear goals and rewards for innovation and provides psychological safety in relation to idea generation.</p> <ol style="list-style-type: none"> <li><b>1. Support for organizational slack and experimentation.</b> The Danish project 'A Wealth of Ideas' is an invitation to all employees to come forward with their ideas on how to improve patient flow and patient satisfaction at Denmark's university hospital, Rigshospitalet. The key principle is that the best ideas for innovation are from employees who work in the frontier. The model seeks to connect public servants with innovative ideas from across all levels and staff categories at the hospital.</li> <li><b>2. Introduction of a culture of creativity.</b> The management has recognised that good ideas with a strong potential for change rarely go straight from idea to execution. On the contrary, even the most promising idea starts in a form which must be elaborated further and iterated several times before it can be launched. This requires time. It is not possible to be in "operations" during the day and then do "innovation" during the night. 'Wealth of Ideas' provides the time, resources and access to executive decision power that can clear the road to proven concepts and implementation. This is the very essence of 'Wealth of Ideas', which is ultimately a project on changing organizational culture and on introducing a culture of creativity, openness and receptiveness to new ideas.</li> <li><b>3. Introduction of collective rewards and recognition for innovation.</b> The linkage of the call for submission of innovative ideas with the introduction of collective rewards and recognition for innovation under the form of scholarships facilitates an innovation-oriented culture. In this concrete case, employees were encouraged to become entrepreneurs capable of operating in a market-like context where their ideas are rewarded and can benefit all patients. The support scheme and the scholarships established under 'A Wealth of Ideas' reflect the existence of a reward programme that encourages innovation and provides work time devoted to developing new ideas which are effective initiatives for facilitating innovation.</li> <li><b>4. Creation of a supporting culture.</b> The implementation of the project was strongly facilitated through the active involvement of the Board of Directors and thus through the creation of a supporting culture in terms of a participatory approach towards innovation (i.e. everybody can be an innovator).The case shows that it is necessary to create an organizational framework and allocate sufficient resources to enable those potential entrepreneurs to turn their ideas into a proven concept.</li> </ol> <p>Four out of five elements fostering an innovation-oriented culture (HRM1) as described in part one of the study played a role in this project.</p> |

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| <p><b>Interaction with other components of the Innovation Capability</b></p> | <p>The nature of the 'A Wealth of Ideas' has close interactions with innovation capabilities related to the <b>PSD1 Open Innovation culture</b> and its corresponding PSD bundle. The PSD1 bundle which may foster an open innovation culture includes:</p> <ul style="list-style-type: none"> <li>• <b>Promote and manage a risk culture.</b> 'A Wealth of Ideas' is an example of an explicit open innovation orientation at the strategic level, where experiments and prototyping of innovative actions to carry out innovative activities were supported by the call for ideas. As such, the hospital became a partner for solving the societal challenges and in provision of the public service delivery.</li> <li>• <b>State organizational values consistent to innovation.</b> In the case of 'A Wealth of Ideas' the open innovation culture was established at the strategic level by through the hospital's management of the hospital and, equally important. By through the support of the Chief Executive Officer of the Capital Region, being overall responsible for the health sector as well as the Rigshospitalet.</li> <li>• <b>Build partnership with innovation.</b> Experimenting and prototyping was supported in the selection of the 10 pilot projects, where two of these selected projects were each allocated a 6 month development period through an innovation scholarship grant allowing the idea to be tested and developed further. In the pilot projects staff and patients were involved in the design and further development of specific services. The Board of Directors is financially and managerially supporting the 2 very best of the 10 projects financially and managerially for an across- hospital roll-out. This very manifest framework that provides time and money for implementation is one of the key differentiators. The availability of full time staff dedicated to implementation and fully supported by top management is one of the strong features of 'A Wealth of Ideas'.</li> </ul> <p>A major objective of the project was to support innovation in smaller companies outside the hospital by demanding products and services benefitting the patients.</p> |
| <p><b>Other additional linkages</b></p>                                      | <p>The case analysis has focused on the linkages to HRM1 and the mirror effect with PSD1. However there are also linkages to other bundles which are briefly listed below:</p> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>HRM4</b> (Participative and non-controlling leadership style)</li> <li>• <b>HRM2</b> (Collaborative and distributed leadership building)</li> </ul> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>PSD1</b> (Build Partnership with innovation lab/hub/factory, promote &amp; manage a risk culture, state organizational values consistent to innovation)</li> <li>• <b>PSD2</b> (Ensure learning from actions, develop a shared understanding of the situation to enable collective action)</li> <li>• <b>PSD3</b> (Organizational support to create a common knowledge)</li> <li>• <b>PSD4</b> (Citizen Centricity)</li> </ul>  |

## HRM2 Innovation-supporting leadership

The HRM bundle 2 to foster an innovation-supporting leadership includes aspects of transformational leadership building, competency for innovation processes, collaborative and distributed leadership building, delegation and empowerment oriented leadership and in general an ethical leadership with the purpose of building trust and transparency.

### Case: 'Leadership development in the Federal Public Service Finance', Belgium

The Belgian project 'Leadership development in the Federal Public Service Finance' is an inspiring example on how to introduce a new leadership model in Belgium's largest public institution, Federal Public Service (FPS) Finance with a total of 23.500 employees. The idea is to promote innovation through a new leadership type, which is based on the vision that leaders should become the motors of change and innovation.

### Contextual information

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| <b>Title of practice</b>    | <b>Leadership development in the Federal Public Service Finance, Belgium</b> |
| <b>Organization</b>         | Federal Public Service – Finance   |
| <b>Size of Organization</b> | 23.000 employees   |
| <b>Type of sector</b>       | Federal Public Service   |
| <b>Website</b>              | <a href="http://finances.belgium.be/fr/">http://finances.belgium.be/fr/</a>  |

### Core of the practice

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| <b>Background</b> | <p>The mission statement of the Staff Service Personnel &amp; Organization at FPS is quite simple: "<i>We want FPS to be ranked as Belgium's most attractive (public) employer</i>". In order to do this, it has been necessary to shake off the dinosaur reputation and pave the way for a modern, flexible and dynamic organisation giving its employees more responsibility and authority through a renewed leadership.</p> <p>It is strongly believed at the Staff Service Personnel &amp; Organization that flexibility, employee involvement and ownership are crucial to FPS's customer-oriented and citizen-oriented strategies. When employees feel appreciated, they will be motivated to work harder and to help the citizens quickly and efficiently. Due to tax reforms, fiscal legislation and regulations have become more complicated. In addition, to cut down expenses, the number of employees will continue to decrease (by 12% in 3 years) and offices have to be closed (183 buildings in 116 towns by the end of 2015, compared with the 456 buildings in 196 towns in 2010). Consequently, there has been a need for FPS's executive civil servants to create a good working atmosphere and motivate their employees, despite all these changes that logically affect the motivation of FPS's employees.</p> <p>Leadership development in the FPS Finance became an important topic in 2011. Until 2010, the FPS Finance had invested primarily in the development of technical expertise. However, to be able to manage and motivate a team, the executive civil servants needed more than mere technical skills. Since 2011, more resources have therefore been invested in the development</p> |
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|                              | <p>of leadership skills. The thinking is that better people management leads to more motivated and more engaged workforce, which in turn leads to better, quicker and more efficient services to customers - in FPS's case, the citizens.</p> <p>Three other challenges have also had an impact on FPS's decision to develop innovative leadership skills:</p> <ol style="list-style-type: none"> <li>1. The current modernisation, leading to new processes, working methods and redeployment of employees. If an organization needs to undergo significant change, that is a leadership issue, too.</li> <li>2. An ageing workforce and a massive retirement wave in the next few years, particularly in the middle and top management layers, demand for executives who encourage knowledge sharing and open communication among their employees.</li> <li>3. The ongoing war for talent and the challenge to attract and retain the right people. Employee retention will increase if the executives are able to create a positive workplace, ensure open communication and build a teamwork-oriented attitude among employees.</li> </ol>  |
| <p><b>Key objectives</b></p> | <p>The leadership development programme initiated in 2010 and running until March 2015, had the following objectives:</p> <ul style="list-style-type: none"> <li>• Developing leaders who are reliable change agents, and who talk the case for change as they help FPS transform and innovate.</li> <li>• Paving the way for innovation and change, by teaching executives how to prepare the change process and involve their team in this process.</li> <li>• Providing effective leadership development tracks aimed at building the skills of executive civil servants at each level of leadership.</li> <li>• Making executives aware of the HR role which they have to play within their own team or department.</li> <li>• Providing executives with a wide range of techniques and tools to successfully fulfil the roles of leader, coach and change agent within their own team or department.</li> <li>• Supporting executives in the implementation of a new and flexible way of working: management by objectives and performance indicators, enhancing employee engagement, dealing with time- and place-independent work. Thus increasing employee satisfaction, particularly with respect to their executives.</li> <li>• Building an innovative organisational and team culture composed of four key components, namely (1) knowing the business, (2) ownership, (3) feedback and coaching and (4) trust.</li> <li>• Contributing to a value-driven organisation, by teaching managers how to live the organisation's values, namely professional excellence, helpfulness, correctness and integrity.</li> <li>• Reducing absenteeism rates.</li> </ul> |

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|                                | Encouraging knowledge sharing and co-creation among executives on the one hand, and between executives and employees on the other hand.   |
| <b>Main activities</b>         | <p>The implementation process consisted of a number of stages, summarized below:</p> <ol style="list-style-type: none"> <li><b>1. Brainstorming and debates</b> were held with the President and the Management Committee about training policy, sponsorship, commitment, budget and project milestones.</li> <li><b>2. A leadership development programme</b> for top and middle management was designed by an external training provider to three target groups: <ul style="list-style-type: none"> <li>• The Steering Committee of 20 top managers (i.e. President and Member of the Management Committee).</li> <li>• Middle management: a pilot group of 120 executive civil servants.</li> <li>• Middle management: 1,400 executive civil servants.</li> </ul> </li> <li><b>3. An intensive training program</b> (consisting of soft and hard skills training, workshops) was offered to a selected group of 24 team leaders with proven high leadership potential. In a general way, around 40% of the courses were dedicated to innovative methods such as mentoring, individual and peer coaching, learning network meetings etc. At the core of the programme was the development of the following skills: <ul style="list-style-type: none"> <li>• Strengthening of the role as people’s managers.</li> <li>• Management of change.</li> <li>• Goal setting, coaching, giving feedback, listening skills, knowledge sharing, co-creation and energizing people.</li> <li>• Ethical leadership.</li> <li>• Situational leadership, authenticity, organizational values.</li> </ul> </li> <li><b>4. Implementation of an internal 2-day training</b> of HR employees with a view to develop internal leadership courses, e.g. on the leadership essentials, change management, coaching, task planning.</li> </ol> |
| <b>Key operational results</b> | <ol style="list-style-type: none"> <li><b>1. Job satisfaction surveys.</b> The results of the job satisfaction survey in 2014 (as compared to 2012) illustrate innovation with regard to work behaviour and in particular to a higher level of job motivation. Compared to 2012, the surveys in 2014 (after the finalization of the leadership course) showed an increase of job satisfaction of public employees and this despite organizational restructuring, lesser resources, and a higher workload. Employees answered that they are more involved in decision-making and task planning and that this more open leadership approach has a positive impact on their team performance and team spirit.</li> <li><b>2. Qualitative results.</b> <ul style="list-style-type: none"> <li>• The employees have remarked a clear shift in leadership behaviour; especially more open communication, more constructive feedback and more employee involvement in decision-making and task planning spirit: this new approach has a positive impact on their team performance and team spirit.</li> </ul> </li> </ol>  |

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|  | <ul style="list-style-type: none"> <li>• The leadership programme appears to have improved executives' self-awareness and self-insight: they have now a better idea of their strengths and their points of attention in leadership.</li> <li>• The executives experience fewer difficulties in delegating, giving factual feedback and setting SMART and personalised objectives.</li> <li>• The absenteeism rates have remained stable, despite the increasing workload, which is also due to the focus on motivational leadership (employee involvement, coaching) during different leadership courses.</li> <li>• The number of teleworkers has increased annually since 2011. Indeed, executives have learnt how to manage their team's performance from a distance by means of efficient coaching skills (giving trust, management by objectives).</li> <li>• Looking at the impact of the programme, a change of mentality of leaders and employees is starting to take place. An ex post-study of the training shows that leaders start to not only behave as experts, but more and more take on the role of staff coaches and change agents who not only control and instruct their employees what to do, but who encourage participation and inclusion. Innovative work behaviours in this regard are a higher sense of initiative and a more active role towards work, as well as a more developed sense of responsibility in general. These behaviours can particularly be observed at leadership level.</li> </ul> <p>In total, the programme led to a greater openness towards new leadership roles which promote innovative behaviours at staff level and also to a greater sensitivity with respect to the importance of human resource management issues. Nowadays, leaders perceive themselves more and more as people's managers and not only as technical experts.</p> |
| <b>Resources needed</b>                    | <p>Since 2011, a project team of 3 full-time equivalents has been allocated to the project. In the past few years, the main budget items allocated to the project (1.384 participants and 7.138 course days) were:</p> <ul style="list-style-type: none"> <li>• Leadership development program for top and middle management, including training and individual coaching, from 2010 to mid-2014: 1.850.000 €.</li> <li>• Basic leadership program for newly recruited team leaders: 41.000 €.</li> </ul> <p>Since July 2014, 2 full-time HR trainers have developed and given internal leadership courses and this team is reinforced by two more full-time equivalents since 1<sup>st</sup> May 2015. Four times a year, the training department also has recourse to the members of the regional HR services to facilitate learning network meetings for the executives.</p>  |
| <b>Transferability and success factors</b> | <p>In order to replicate and implement the leadership development programme in other organisations, regardless of their sizes, the following points are recommended:</p>  |



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|  | <ol style="list-style-type: none"> <li><b>1. Commitment and active involvement of top managers</b> in such a programme is of high importance. Top managers should act as role models from the start of the programme, and they should actively participate in such a programme. All levels of managers (e.g. top, middle) should be involved in the definition of the leadership programme. During this exercise, listening skills are of essential importance.</li> <li><b>2. Tailor-made programmes.</b> The content and objectives of these programmes should take into consideration the different needs, expectations and requirements of the different administrative levels and target groups (e.g. top managers, middle managers, project managers).</li> <li><b>3. Introduction of pilot projects</b> to test the different programmes.</li> <li><b>4. A top-down implementation of leadership development programmes.</b> It is necessary to ensure that a new reference or competency framework for innovation supporting leadership is reflected in the programme and the relating activities. In this case, the new reference framework was based on the following three roles (1. Strengthening the leader as a coach; Strengthening the leader as a change agent; Strengthening the leadership skills of leaders).</li> <li><b>5. Feedback</b> and improved loops. Participants should evaluate the impact of the course in practice and in such a way encourage improvement and adaptation to participants' needs.</li> </ol>  |
| <b>Linkages to HRM and PSD bundles</b>       |  |
| <b>HRM2 Innovation supporting leadership</b> | <ol style="list-style-type: none"> <li><b>1. Delegation and empowerment oriented leadership.</b> Command and control do not work for change, yet it was the most common leadership style for most of FPS's leaders and managers up to 2010. It required a shift of mind-set and a new way of working. The main ambition has been to shake off FPS's dinosaur reputation and pave the way for a modern, flexible and dynamic organization giving employees more responsibility and authority, with the intention of increasing employee satisfaction and thus improving the citizen services. It is thus considered that delegation and empowerment oriented leadership as well as transformational leadership building/coaching are crucial issues for innovation in the public sector, which are elements captured in the HRM2 bundle.</li> <li><b>2. Competencies for innovation.</b> Leadership is crucial to innovations, top-down as well as bottom-up. There is thus a positive impact of leaders' attitude on innovation initiation and adoption as leaders may create a favorable climate towards innovation. This also explains why a key objective of the leadership programme was to enhance competencies for innovation and change.</li> <li><b>3. Collaborative and distributed leadership building.</b> Since 2011, by a wide range of leadership training and network activities, FPS's executives have attempted to let go of the controlling and hierarchic approach and instead see their teams as a group of people working together, across boundaries, to produce common results. This relates to the issues of collaborative and distributed leadership building. They have been provided with tools and techniques to build a co-creative team culture, based on four main components, namely: <ul style="list-style-type: none"> <li>• Knowing the business</li> </ul> </li> </ol> |

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|  | <ul style="list-style-type: none"> <li>• Ownership</li> <li>• Feedback and coaching</li> <li>• Trust</li> </ul> <p><b>4. Ethical leadership for building trust and transparency.</b> The four components specified above reflect elements in the HRM2 bundle, in particular relations to the building of ethical leadership for building trust and transparency.</p> <p>The innovative feature of the leadership development project is that it has supported the executives in adopting a new reference framework for leadership and successfully fulfilling the roles of leader, coach and change agent within their own team or department.</p> <p>All 5 elements fostering innovation-supporting leadership (HRM2), as described in part one of this survey, played a role in the Belgian case on leadership development. Due to its true nature, Leadership may influence all the other bundles and practices.</p> |
| <p><b>Interaction with other components of the Innovation Capability</b></p> | <p>The mirror of HRM2 is <b>PSD2 Sense making</b> with the related PSD bundle including collective observations of the current situation, learning from actions and the development of a shared understanding of the situation to enable collective action.</p> <p>With the focus on leadership as a driver for innovation, the FPS put an emphasis on the important role of leadership to develop a shared understanding in the organization and for creating a shared map of the current situation. Through the emphasis on management by objectives and performance indicators in the leadership programme, learning from actions will to a great extent be ensured for future improvement.</p>  |
| <p><b>Other additional linkages</b></p>                                      | <p>The case analysis has focused on the linkages to HRM2 and the mirror effect with PSD2. However there are also linkages to other bundles which are briefly listed below:</p> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>HRM1</b> (HR policy and chart – creativity, openness and receptiveness to new ideas)</li> <li>• <b>HRM2</b> (Innovation supporting leadership)</li> <li>• <b>HRM3</b> (Knowledge creating, capturing and sharing)</li> <li>• <b>HRM4</b> (Participative and non-controlling leadership style, developmental feedback and performance appraisal)</li> <li>• <b>HRM5</b> (Flexible work design)</li> </ul> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>PSD1</b> (State organisational values consistent to innovation)</li> <li>• <b>PSD2</b> (Sense making)</li> </ul>  |

| <b>HRM3 Knowledge creating, capturing and sharing</b>  |  |
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| The HR bundle relating to HRM3 Knowledge creating, capturing and sharing, includes the following elements: building of internal and/or external networks, learning workshops at shop floor level, training, job rotation, horizontal career paths, generalist profiles and multifunctional cross-sectoral teams.   |  |
| <b>Case: 'Benchmarking Quality Circles for Local Public Services', Spain</b>   |  |
| The Spanish case, <b>Benchmarking Quality Circles for Local Public Services</b> (henceforth BQC) is an inspiring example on how to improve the internal ability of an organization to gather, share and create knowledge in the public sector. It is characterized by a comparison of local public services using performance indicators and it is geared to improving the efficiency, effectiveness and quality of the management and standard of public services. The BQC for Local Public Services are run by Diputació de Barcelona (Barcelona Provincial Council, henceforth DIBA). |  |
| <b>Contextual information</b>  |  |
| <b>Title of practice</b>   | <b>Benchmarking Quality Circles (BQC) for Local Public Services, Spain</b>   |
| <b>Organisation</b>  | Diputació de Barcelona (Barcelona Provincial Council)  |
| <b>Size of organisation</b>  | -  |
| <b>Type of sector</b>  | Provincial council   |
| <b>Website</b>   | <a href="http://www.diba.cat/menugovernlocal/en/cci_en.asp">www.diba.cat/menugovernlocal/en/cci_en.asp</a>   |
| <b>Core of the practice</b>  |  |
| <b>Background</b>  | <p>As an intermediate entity, the Diputació de Barcelona has the mission to provide technical and economic support to the about 100 local governments in the Province of Barcelona (all local governments which have more than 10,000 inhabitants). DIBA with the active collaboration of other DIBA service departments, implements the BQC on a crosscutting basis in 17 different local public services domains (Local Police, Waste management and Street Cleaning, Libraries, Municipal theatres, Day nurseries (pre-schools), Music Schools, Sports facilities, Social Services, Municipal Markets, Local Trade Fairs, Municipal Employment Offices, Consumer Rights Municipal Offices, Food Safety and Public Lighting). DIBA uses a managerial model based on networking among local public governments.</p> <p>The BQC Project is framed under this aim and it is focused on answering the needs of the local entities. In this sense, at the beginning of the project the following needs were detected on behalf of the Diputació:</p> <ul style="list-style-type: none"> <li>To know the reality of local public services provided to the citizens. To measure such knowledge through indicators and to put it all at the disposal of professionals and elected persons. To offer suggestions for improvement in the provision of municipal services based on the comparison of the resulting indicators that are developed through collaborative processes, knowledge sharing and general benchmarking.</li> </ul> <p>The BQC have explored networking and raised awareness of and encouraged local public service managers to introduce processes of ongoing improvement for services and to share their practices and results with other local public governments through</p> |

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|                               | <p>benchmarking. This initiative is not only innovative in Barcelona province, as it has been recognised as a model by other Spanish government agencies.</p> <p>The 15-year track record of the BQC and constant growth in the analysed local partners and public services are the best proof and guarantee of their sustainability. Over the past 15 years, the number of participants has increased from 20 in 2 local public services in 2001, to more than 500 in more than 7 local public services. The BQC constitutes an economically viable practice based on economies of scale. The implementation of BQC would be more expensive for local governments if they were to use only their own resources. Participation is guaranteed both for the present and the future because of continuous increases in the number of local government partners and the number of analysed local public services, as well as the great interest shown by policy leaders and service managers. A rigorous, systematic, cooperative and coordinated approach among different employees also influences DIBA and enhances cross-functionality among the units involved in the BQC.</p>  |
| <p><b>Key objectives</b></p>  | <p>The BQC process initially involved the analysis and diagnosis of needs and expectations arising with regard to local public services, from the two-fold perspective of both the personnel in charge of each of the local government services and of DIBA staff.</p> <p>The main needs and expectations detected by local public service managers were:</p> <ul style="list-style-type: none"> <li>• Creation of management tools with which to compare local governments.</li> <li>• Improving the formulation of key performance indicators.</li> <li>• Awareness and contrast of results among local governments.</li> <li>• Knowledge and transfer of best practices among local governments.</li> <li>• Boosting cooperation among local governments.</li> </ul> <p>The general objectives of the BQC (the first three of which are addressed to local governments and the latter two addressed to DIBA) are as follows:</p> <ol style="list-style-type: none"> <li>1. To measure, compare and evaluate results, using a set of commonly agreed performance indicators.</li> <li>2. To form a working group to exchange experiences and best practices, in order to innovate.</li> <li>3. To stimulate the improvement of local public services.</li> <li>4. To innovate the services DIBA provides to local governments.</li> <li>5. To encourage cross-functional work at DIBA based on the coordination and teamwork of the departments participating in the BQC.</li> </ol> |
| <p><b>Main activities</b></p> | <p>The BQC implementation process is focused on: General planning and a BQC methodological work procedure.</p>   |

### **1. General planning of the BQC**

Every year, the Programming Service plans the measures to be taken in accordance with the respective DIBA service departments and on the basis of feedback from local partners. A pluriannual plan is also established to forecast the human and technical resources required to meet demands arising from the participation of new local governments. Two reference documents are used in this phase: the document on the roles and responsibilities of different DIBA departments, and a BQC Implementation Protocol. Each year, an initial work session for each BQC service is held by the Programming Service and the respective DIBA service department in order to plan the ongoing BQC process for the local service analysed.

### **2. BQC Methodological work procedure**

The BQC project is based on ongoing improvement methodology, divided into five phases: Design, Measurement, Evaluation, Improvement and Communication and Implementation.

- **Design phase:** It consists in defining the mission statement and strategic objectives of the public service, followed by a set of commonly agreed performance indicators for use in the benchmarking process, and, finally, in a set of commonly agreed variables used to establish these performance indicators.
- **Measurement phase:** Once the variables for calculating the performance indicators have been identified and defined in the design phase, they are gathered together in a survey that is issued to local governments participating in the BQC.
- **Evaluation phase:** An individual balanced scorecard, produced for each local government, shows a comparison of the local government service with the benchmark average.
- **Improvement phase:** It takes place at an onsite workshop involving groups from 10 to 15 local governments. At this improvement-benchmarking workshop, each local government partner validates the strengths and weaknesses in a draft report.
- **Communication and implementation phase:** Local service managers notify each local government (their technical teams and policy managers) of the improvement measures for implementation according to a specific plan. To streamline communication, DIBA publishes a final report that covers work done and organises a "closure meeting" at which the main results of the BQC are summarised. Local service managers and their respective councillors are invited to this final session.

The analysis methodology used in the BQC features the following elements:

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|                                       | <ul style="list-style-type: none"> <li>• Gathering and processing of data provided directly by local service managers.</li> <li>• Analysis of strengths and weaknesses by comparing performance indicators in different local public services.</li> <li>• Work forecast based on medium-term (government term plans) and short-term (annual plans) planning.</li> <li>• Study of the observed performance trends.</li> </ul> <p>Cross-functional information from the DIBA service departments that have provided their knowledge of local government realities based on their direct contact with local public service counterparts.</p>   |
| <p><b>Key operational results</b></p> | <p>DIBA has implemented an innovative networking system. The main results of the BQC are:</p> <p><b>1. Learning capacity and transferability</b><br/>Interaction, comparisons and contrasts, knowledge transfer and cross-functional collaboration among managers from local public services and from DIBA have been encouraged. Dissemination and knowledge transfer has also taken place at a large number of government agencies at a variety of events. The BQC model has been transferred to other Spanish regions.</p> <p><b>2. Public concern</b><br/>The number of local governments with a population of over 10,000 inhabitants that participate in BQC has increased in the last ten years. The project is getting a better welcoming by all its stakeholders every year and the number of entities asking for their admission is increasing, as well as the number of public services that are analysed. Out of the 100 local public governments, an average of 30-50 local public governments is involved in the yearly circles and in the 17 domains. Not all governments are however involved in all the 17 domains. The design of collaboration is rather flexible and can vary from year to year.</p> <p><b>3. Use of new technologies</b><br/>The use of information and communication technologies (ICT) in gathering and processing BQC data has been encouraged.</p> <p><b>4. Sustainability</b><br/>The BQC project has grown over time on the basis of pre-established objectives, an efficient and sustainable operating budget, and on the interest shown by local public governments to improve their public services.</p> <p><b>5. Impact</b><br/>The effectiveness and efficiency of local public services have improved as a result of a bottom-up approach and the benchmarking of local public services.</p> <p>The experience gained from the last 10 years confirms the usefulness of the project as a process with annual feedback.</p> |

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|                         | <ul style="list-style-type: none"> <li>• The evaluations made each year show ratings higher than 8 out of 10 in the different items that are assessed.</li> <li>• In 80% of cases, the improvement actions resulting from the process are implemented.</li> </ul> <p>The reasons for this improvement success are:<br/>A proper, rigorous and strong methodology application based on tools that encourage the participation and the knowledge transfer according to the socioeconomic reality of the moment.</p>   |
| <b>Resources needed</b> | <p>The resources allocated to BQC were:</p> <ul style="list-style-type: none"> <li>• The assignment of an annual budget by DIBA.</li> <li>• The devotion of work hours by local public service managers and DIBA staff. The provision of human resources: 426 participants from local government services, 26 participants from DIBA and 5 specialist consultancy companies.</li> <li>• The training of BQC participants: training in methodologies, techniques and management tools addressed to personnel from local government services; (use 1.200) hours of training.</li> <li>• An ongoing improvement methodology provided by DIBA that is divided into five phases (Design, Measurement, Evaluation, Improvement, and Communication and Implementation)</li> <li>• The creation and maintenance of a specific IT application by DIBA.</li> <li>• The assignment of these resources was based on three principles: The optimisation of resources based on economies of scale (the higher the number of analysed local governments and local public services, the more efficient the use of resources).</li> <li>• The generation of knowledge synergies among different agents: local public service managers, DIBA staff and specialised consultants.</li> <li>• The crosscutting approach of the BQC, featuring constant collaboration between the Programming Service, which heads the project from central services and provides common methodology, and the other service departments of DIBA, which head their BQC local public service and provide specific knowledge of the analysed service.</li> </ul> <p>This ensures in turn an optimum use of:</p> <ul style="list-style-type: none"> <li>• Specialised knowledge provided by the local government services and by the corresponding DIBA departments.</li> <li>• Standard BQC management tools: work templates (performance of workshops), information procedures (gathering data on the performance indicators) and documentation models (performance reports).</li> </ul> <p>The use of data from other existing IT applications and DIBA databases.</p> |

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| <p><b>Transferability and success factors</b></p>           | <p>The BQC have explored networking and raised awareness and encouragement of local public service managers to introduce processes of ongoing improvement for services, and to share their practices and results with other local public governments through benchmarking. This initiative is not only innovative in Barcelona province; the project has been applied in the region of Galicia and in other local public governments outside the province of Barcelona.</p> <p>The BQC concept can be replicated in different sectors of public administration and in different contexts.</p> <p>The replication in terms of implementing and consolidating the BQC to other administrations depends on the following conditions:</p> <ul style="list-style-type: none"> <li>• The application of a bottom-up work methodology.</li> <li>• Benchmarking and disseminating best practices among local government partners.</li> <li>• Standardisation of the methodology through BQC Implementation Protocol.</li> <li>• Cross-functional work undertaken on a managerial level in local services and with the service departments of DIBA. Rigorous and gradual implementation. Institutional recognition of the project</li> <li>• Strong leadership from the parent authority. IT support. Institutional recognition of the project.</li> <li>• Involvement and generosity of the local entities.</li> <li>• Overcoming of the initial resistance to consider the project as an auditing instrument, and accepting it as a tool for continuous innovation instead.</li> </ul> |
| <p><b>Linkages to HRM and PSD bundles</b></p>               |   |
| <p><b>HRM Knowledge capturing, creating and sharing</b></p> | <p>Knowledge is socially constructed and context-specific and should be managed locally within communities of practices. A prerequisite for public sector innovation is that public administrations need to address issues of capturing, creating and sharing of internal knowledge.</p> <p>The areas for collaboration are defined before the beginning of the first editions of each Circle; the distribution of tasks is agreed and reviewed yearly. This entails <b>building internal and external networks</b> at local governmental level, working jointly to share targets, to improve local public service standards, to share the know-how of public professionals, and to disseminate best practices in a perspective of enhancing public welfare and quality of life. There is a leader Department giving and counselling about the methodology and ensuring continuous improvement. This continuous improvement process is encouraged by cross-cutting action, the creation of <b>multi-functional, cross-sectional teams</b> and the setting of and learning from common performance indicators.</p>   |



In addition to this, sector Department provides the knowledge about the local public services, providing and performing the contact with the technical persons of the different public entities.

The case demonstrates that an improved ability through capacity building and **training (on-the-job, education and self-development)** as well as systematised models to share knowledge is an important factor for public sector innovation and improved public service delivery.

By the use of the BQC the following innovation aspects become possible:

- Strengthening links between the different sectoral areas of the Diputació.
- Creation and promotion of a measurement culture through indicators.
- Creation and systematization of meeting spaces between the different areas to share local knowledge.
- Creation of a database (big data) with more than 6 million records about municipal information (**knowledge creating and sharing**).
- Creation of a Business Intelligence programme available online to local governments, assisting them in the exploitation and the comparison of the information (in cross-section and with several time series).

The main values of the BQC are:

- 1. Knowledge capturing**, as this provides a methodological model based on a bottom-up process for the development of performance indicators, crosscutting collaboration among the managers of local public services, benchmarking in identifying processes of ongoing improvement for service efficiency and effectiveness.
- 2. Creating and sharing**, as there is focus on learning and knowledge transfer, and as techniques are acquired that can be applied to improve service standards and to disseminate best practices.
- 3. Application of cutting-edge technology in IT systems**, as it involves the use of networked data transmission systems for processing BQC-generated information.
- 4. Focus on public interest**, as it improve the quality of the public services provided by local public governments by establishing and continuously improving measures to increase public service standards.
- 5. Results-oriented approach**, as it yields proposals that prompt better public service standards at a very low cost compared to the benefits obtained.
- 6. Sustainability**, as it optimises the use of resources on the basis of economies of scale and has a track record of 15 years.

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|  | <p>Out of the 5 elements to foster knowledge creating, sharing and capturing, <b>the 4 elements which are marked above in bold</b> have mattered in the Spanish case. The only practices of the HRM3 bundle which do not play a role are the <b>job rotation and horizontal career paths and the generalist profiles.</b></p>  |
| <p><b>Interaction with other components of the Innovation Capability</b></p> | <p><b>PSD3 Knowledge management</b></p> <p>The BQC case is an example of a very close interaction between the HRM bundle and its corresponding PSD bundle on knowledge management. As such the bundles of HRM3 and PDS3 are apparent in relation to the BQC case and should be understood as one pair.</p> <p>Likewise, although the first one is the most commonly applied, <b>6 methodologies</b> could be used during the project and all of them stress on teamwork for continuous improvement of the public services. It should be noted that the decision of using a particular methodology does not exclude the use of other methodologies during the different phases of the project.</p> <ol style="list-style-type: none"> <li>1. Analysis of the opportunities for improvement according to the resulting indicators.</li> <li>2. Good practices analyses.</li> <li>3. Evolution of the service analyses.</li> <li>4. Actions involving financial savings.</li> <li>5. Analysis of strengths.</li> <li>6. Comparative analysis of the municipality with a municipal reference group.</li> </ol> <p>Learning lessons are also taking place by comparing the results of one year to the results of previous years.</p> <p>The individual dashboards, as well as ad hoc dynamic reports and the explanatory notes, are published online through a Business Intelligence tool (Quick view - restricted access). Individual reports are printed and offered to each participant.</p> <p>Citizens and service delivery benefit from this project through the increase of know-how of local governments gained through the collaboration in this project. In some of the local governments, the results of the indicators measured are published in local media, such as newspapers. They are however only allowed to publish their own results and the average of all other local governments, in general:</p> <ul style="list-style-type: none"> <li>• Improvement of the public service provision (efficiency and scope)</li> <li>• Improvement of the management (centralisation of the information, better knowledge of the reality and best practices exchange)</li> </ul> |

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|   | <ul style="list-style-type: none"> <li>Updating and improvement of the information available in the Diputació in order to better target its actions to the transformations and new needs arising from changes in the context of local treasuries.</li> </ul> <p>The BQC case demonstrates that quality circles and learning workshops with service managers, cross-sectoral teams are methodologies which can directly facilitate innovation.</p>  |
| <p><b>Other additional linkages</b></p> | <p>The case analysis has focused on the linkages to HRM3 and the mirror effect with PSD3. However there are also linkages to other bundles which are briefly listed below:</p> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li><b>HRM1</b> (Participatory approach)</li> <li><b>HRM4</b> (Information sharing and communication; participative and non-controlling leadership style)</li> </ul> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li><b>PSD2</b> (Ensure learning from actions, Collective observation &amp; discussion of the current situation; Develop a shared understanding of the situation to enable collective action)</li> <li><b>PSD3</b> (Ensure knowledge exchanges between stakeholders, Organizational support to create a common knowledge)</li> <li><b>PSD5</b> (Collaborative Digital Work) PSD5 Collaborative and Digital Work</li> </ul> |

## HRM4 Organisational commitment to innovation

HRM4, Organisational commitment to innovation relates to issues such as information sharing and communication, participative and non-controlling leadership style, developmental feedback and performance appraisal as well as job security and organisational support. The commitment-enhancing practices are a joint responsibility of HR specialists and line managers and they are based on participatory-control practices.

### Case: 'CHANGE<sup>2</sup> - City of Mannheim - Achieving more together', Germany

'CHANGE<sup>2</sup> (Change squared) - City of Mannheim - Achieving more together', is an inspiring example on how to improve employees' commitment to innovation through more participatory and strategic leadership and management approaches. The city of Mannheim embarked on a five-year multidimensional reform project with the aim of creating one of the most modern municipal administrations in Germany by 2013.

### Contextual information

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| <b>Title of practice</b> | <b>CHANGE<sup>2</sup> – City of Mannheim: Achieving more together, Germany</b> |
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| <b>Organization</b> | City of Mannheim, Office of the Lord Mayor, Administrative Reform Unit |
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| <b>Size of organization</b> | 6.500 employees |
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| <b>Type of sector</b> | Municipality – change management |
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| <b>Website</b> | <a href="https://www.mannheim.de">https://www.mannheim.de</a> |
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### Core of the practice

#### Background

The city of Mannheim has a population of 320.000 of which 38 percent have a migration background (approx. 160 different nations). The annual budget of the city administrations amounts to 1 Billion Euro, the city staff adds up to 6.500 persons.

Head Mayor Dr. Peter Kurz was elected on a platform of administrative reform in 2007. The dual commitments to financial sustainability in face of the economic crisis and the commitment to administrative reform in Mannheim are anchored at top-level city leadership.

When Kurz became Head Mayor in 2007 he started with the CHANGE<sup>2</sup> process right away, because he saw the need for strategic direction and prioritization more than ever. German public administration is traditionally very focused on law- and input-based steering. Outcome variables rarely play a role in public debate and are not monitored by local administration. In that context, the outcome orientation of the project and the strategy-based-budgeting exercise can be seen as an important innovation and success factor. Head Mayor Dr. Peter Kurz wanted to make Mannheim one of the most modern city administrations in Germany. The path towards this goal was titled "CHANGE<sup>2</sup> – Change Squared".

CHANGE<sup>2</sup> aims to improve the delivery of public services via result-oriented targets and to develop a better model of shaping city society by improving democracy in City Council, promoting participatory approaches with citizens and developing the city in partnership with universities and businesses.

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|                              | <p>Cooperation between administrative units with joint targets (breaking the silos) is key. The top-level change was bolstered by a innovation master-plan aiming for:</p> <ul style="list-style-type: none"> <li>• A change of structures and processes.</li> <li>• A comprehensive leadership, innovation culture and dialogue.</li> <li>• A medium- and long term programme management.</li> </ul> <p>Achieving more together' is the theme for the CHANGE<sup>2</sup> process. Impact orientation (achieving) and cooperation (together) are the key threads underlying all aspects of the process. Cooperation between administrative units with joint targets (breaking the silos) is key. The top-level change was bolstered by a innovation master-plan aiming for:</p> <ul style="list-style-type: none"> <li>• A change of structures and processes.</li> <li>• A comprehensive leadership, innovation culture and dialogue.</li> <li>• A medium- and long term programme management.</li> </ul>  |
| <p><b>Key objectives</b></p> | <p>CHANGE<sup>2</sup> pursues a clear set of goals for organizational transformation and the introduction of new outcome-based steering mechanisms.</p> <p>The CHANGE<sup>2</sup> project comprises two main action areas: strategy, targets and outcome-orientation, and sustainable finances through financial management and strategy-based budgeting.</p> <p>Four general objectives were set for the process within city administration:</p> <ul style="list-style-type: none"> <li>• <b>Improve commitment and collaboration.</b> An overarching objective of CHANGE<sup>2</sup> is the cultural transformation of the city administration towards an organization that can act comprehensively. This objective is mainly addressed by setting concrete commitment targets for leadership, offering improvement in dialogue and leadership style and uniting city services around targets (e.g. City Police and Youth Department jointly responsible for truancy-numbers, etc.).</li> <li>• <b>Improve service delivery.</b> The improvement of service delivery began with committing department leaders to talk about outcomes, set targets and then budget according to targets. The specific objectives were to initiate management attention to outcomes, establish a new budgeting cycle based on strategic targets and provide the basis for public debate about results and outcomes.</li> <li>• <b>Establish accountability for results.</b> When the public debate (on city budget, on performance of services, etc.) shifts to the achievement of results, accountability will be demanded from city managers. The specific objectives were to assign responsibility for outcomes to Vice-Mayors and department leaders via the budget book, to establish</li> </ul> |

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|                               | <p>a set of target contracts with department heads in which concrete management targets are fixed, signed and monitored and to install a Management-Information-System by which targets can be monitored in close-to-real time.</p> <ul style="list-style-type: none"> <li>• <b>Maintain operations in face of fiscal shock.</b> When faced with a significant budget shortfall, Mannheim introduced a prioritized budget and a new "traffic light" monitoring tool for budget supervision. The specific objectives were to receive approval of the Mannheim budget by state supervisory authorities and execute the budget under a tight monitoring mechanism, reporting regularly to top city leadership on deteriorations and improvements in projected revenue and expenditure.</li> </ul> <p>The key horizontal strategic targets include growing jobs through investment and entrepreneurs, achieving educational equity, attracting talent, fostering tolerance. Operational targets were set for all administrative and service units of the city, introducing a new culture of results as support to commitment building.</p>  |
| <p><b>Main activities</b></p> | <p>The <b>Change Management Team FVA 2013</b> was created in early 2008 by the Head Mayor as an internal consultancy to support, coordinate, accompany and steer the complex transformation process. Its seven full-time employees with an interdisciplinary background/profile were mandated with a clear mission that allowed them to generate and exercise the capabilities (knowledge, competences, resources and powers) which were necessary and adequate to accomplish the purpose in the expected way.</p> <p>CHANGE<sup>2</sup> included more than 30 interlinked projects addressing cross-unit issues and promotion of a culture of collaboration.</p> <p>The process required a new culture in leadership and operations within the city administration. The main instruments for this culture change were new dialogue formats between leaders and employees. After the first dialogue events on department targets, every employee received a little foldable card-board tower with the strategic targets of the city and operational targets of his or her department.</p> <p>In relation to staff development and training for the development of a participatory leadership the following was installed:</p> <ul style="list-style-type: none"> <li>• Comprehensive yearly staff development and training programme (according to legislation, staff members have an individual right for training of 10 days) to improve strategic capabilities, cross-departmental cooperation and leadership.</li> <li>• New management guidelines for leadership, communication and collaboration within the City of Mannheim. These guidelines have become insofar a lively document as it is regularly referred to them in dialogues, information sessions etc.</li> <li>• Top-level managers have to prove their strategic and leadership qualities in a potential analysis/assessment centre prior to recruitment.</li> </ul> <p>The activities relating to the installment of feedback and performance appraisals included:</p> |

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|                                       | <ul style="list-style-type: none"> <li>• Establishment of monthly checks of the implementation of new management guidelines ("chef test") which put a strong focus on communication, collaboration and dialogue. These regular checks move beyond the traditional annual employee survey to gauge the general 'organizational climate'.</li> <li>• Installation of the concept of 360 degree feedback for top-level management in 2015.</li> <li>• Initiation of employee surveys and feedback process of results.</li> </ul> <p>The mayor introduced leadership circles and meets a randomly selected group of employees every three months for a direct dialogue of three hours; at the same time other trans-hierarchical and interactive discussion formats have also been created. Strategic and operational targets were presented and discussed with all city employees in more than 45 events. The dialogue was supported by an annual opinion survey among employees and a three-monthly measurement of the compliance with the city guidelines for 'leadership, communication and cooperation'.</p> <p>A guarantee of no compulsory redundancies for the budget cycle has been given to secure employee engagement in return for acceptance of flexibility in tasks, processes and location of employment.</p> <p>In parallel to this dedicated unit, a number of organizational changes and new processes were defined across the municipality, such as a new 'Bureau for international and European affairs' and a core 'Strategic steering' unit at the mayor's office.</p>   |
| <p><b>Key operational results</b></p> | <ol style="list-style-type: none"> <li><b>1. Anchoring of new practices in the Mannheim public administration.</b> When aiming for sustainable practices in local public administration, CHANGE<sup>2</sup> deliberately introduced new standards, enhanced information formats and new procedures. When introducing these standards, programme leadership ensured to "anchor" them in "bureaucratic standards", such as executive orders, templates, forms, formatting of documents and the like. Key examples include the new formatting and layout for the city budget book (combining outcome targets with budget). By offering instruments with greater content and transparency, the project raised the "political" barrier to abolish them in the future.</li> <li><b>2. Implementation responsibility for line leadership.</b> A second tenant of sustainability is the allocation of responsibility for implementation with the Deputy-Mayors and line leadership. When management targets for line units were communicated to city employees, the department leaders were in front, not the Head Mayor or the central change team. Changes are to be associated with line leadership, not with central steering.</li> <li><b>3. Management culture change.</b> Sustainably anchoring new attitudes and behaviour is strongly associated with the day-to-day practice of leadership within the city administration. By introducing and sustaining new dialogue formats (e.g. direct dialogue with Head Mayor). CHANGE<sup>2</sup> has set a new level of openness and has motivated other leaders to offer similar formats. Moreover, in the staff interviews, it was particularly the 'new' feedback culture, which has been evaluated as being highly important. Again, moving away from such practice in the future will be hard.</li> </ol> |

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|   | <p><b>4. Enhancement of staff commitment.</b> The results of the employee surveys, which are carried out every two years, show a high degree of staff commitment to the project. Important elements which led to this positive result were the initially taken agreement to exclude dismissals and lower salaries during the change process, the development of a more participative leadership approach (in the sense of consultation) and in general the introduction of a more collaborative leadership style.</p> <p>The results of the third big staff survey on the CHANGE<sup>2</sup> process have shown a high awareness of the necessity for change and as well as a high level of willingness for change – even if the implementation presents many obstacles to overcome. In general, stabilisation and application of innovations was in the focus of the joint efforts in CHANGE<sup>2</sup>.</p> <p>The change process has continued since 2013 and is currently in its consolidation phase. The main objectives, tools and methodologies have been retained. The responsibility for key tasks has been transferred to the line organization, especially to the Department of Personnel and Human Resources. In addition, a new programme of action has been formulated, which is geared towards cultural change, personnel and organizational development and the further advancement of the strategic target system.</p> |
| <p><b>Resources needed</b></p>                    | <p>The process was driven by a central steering unit of 10 staff reporting to the mayor. The budget for the whole process is 7 million EUR for 5 years (that is 0.14 percent of the overall budget of 5 billion for this period).</p> <p>Furthermore, an enhanced strategic adjustment of administrative decisions, the increase of efficiency and effectiveness of the city administration in combination with a new idea of cooperation with the city council and the participation of the citizenship led to a not too resource intensive process.</p> <p>Sustainability in CHANGE<sup>2</sup> is achieved using various methods already mentioned, such as translating new standards and procedures into 'bureaucratic standards' and a 'lock-in' effect on accountability, further quality management and quality security measures as well as regular dialogues to facilitate the process of stabilisation after 2013. Not only does this ensure sustainability, but it also ensures an efficient use of resources and offers a high potential for budgetary savings.</p>  |
| <p><b>Transferability and success factors</b></p> | <p>The CHANGE<sup>2</sup> project can also be replicated at the regional and national level, and it is not only useful for cities and the municipal level. It can thus inspire different types of public organizations at different levels to start radical change processes. However, its successful implementation depends on the following elements:</p> <p><b>1. Strong commitment of the head of organization</b> is crucial for the development of similar projects in other contexts. The personal commitment of the lord head mayor was of highest importance and a key enabler/driver for the entire CHANGE<sup>2</sup> endeavour. Without his leadership and focus on outcome-orientation, which was inspired as</p>   |



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|   | <p>indicated by the political debate following a PISA presentation, Mannheim would have remained a city characterised (and as survey results have shown) as hierarchically organised, with a traditional bureaucratic style and lengthy decision- making process.</p> <ol style="list-style-type: none"> <li><b>2. Master plan in place</b>, in order to ensure a process like the CHANGE<sup>2</sup> -process on a stable political basis; in particular with regard to the allocation of resources it is necessary to have a master plan developed and confirmed by politicians.</li> <li><b>3. Having a realistic approach.</b> The importance of allocating enough time for preparation and implementation of the project; being realistic and not too ambitious when creating a (first) master-plan; introducing leadership guidelines right at the beginning; and finally <i>'it always takes longer than expected'</i> could be one of the decisive lessons learnt from CHANGE<sup>2</sup>. This is reflected in a general 'no-trial and error' culture in the German administration, thus an incremental or gradual approach is preferred.</li> <li><b>4. Strong project management</b>, CHANGE<sup>2</sup> is a complex project and included more than 30 interlinked projects addressing cross-unit issues and promotion of a culture of collaboration. It requires a strong and committed project management.</li> <li><b>5. New dialogue culture.</b> Across the organisation and with other political parties, designing, negotiating and implementing budget (austerity) plans is a major challenge today in all administrations, yet the first tendency is usually to impose such (cross- cutting) measures. Mannheim has demonstrated a strong integration of this approach into their communal management system.</li> <li><b>6. Use of ICT.</b> The use of ICT in the form of websites, circular mails, surveys, e-newsletters, etc. was essential, especially in the beginning of the programme (an enabler!) for the fast and simple distribution of information to all employees. However, the face-to-face activities of the lord mayor with employees and the leadership circle were and still are highly appreciated and the most effective measures.</li> <li><b>7. Ensuring innovation supported leadership</b>, the CHANGE<sup>2</sup> requires collaborative and distributed leadership building, delegation and empowerment oriented leadership as well as development of competencies for innovation (HRM2 Innovation-supporting leadership). It is furthermore an important aspect for the change and innovation process to ensure the involvement of the personnel delegation from the outset of the CHANGE<sup>2</sup> process.</li> </ol> <p>To sum up, the success of CHANGE<sup>2</sup> can be seen in the simultaneous and mutually reinforcing combination of practices and elements.</p> |
| <b>Linkages to HRM and PSD bundles</b>                      |   |
| <p><b>HRM4 Organisational commitment to innovations</b></p> | <ol style="list-style-type: none"> <li><b>1. Commitment based HR practices</b> can boost innovation-oriented behaviours which require tacit knowledge and intrinsic motivation. CHANGE<sup>2</sup> is an inspiring example on how commitment based HR practices can be developed to boost innovation-oriented behaviours. Particularly staff motivation played an important role in the CHANGE<sup>2</sup> process.</li> </ol>  |

CHANGE<sup>2</sup> showed very well how it is possible to make full use of the potential to change by actively integrating the majority of the employees in the process.

- 2. Delivery of more efficient services.** A major aspect of CHANGE<sup>2</sup> is to deliver better and more efficient services through committed and engaged employees. The mirror of HRM4 is PSD4: Citizen participation is closely related to practices of employee involvement and a participatory and non-controlling leadership style. An important prerequisite for an open, transparent and trustful public administration which involves citizens in participatory approaches, are committed and intrinsically motivated employees at organizational level
- 3. Job security for the employees.** As was pointed out during a telephone conversation with the project leader, Dr. Alexandra Kriegel on 10<sup>th</sup> September 2015, an important reason for staff engaging in the change process was the initial internal agreement with the staff council to exclude dismissals and lower salaries or, in other words, to guarantee job security and organizational support during the whole process. Another important aspect to be mentioned in this context is also that the personnel delegation committed to the change process and supports it. It is also interesting to note that this innovation/change process happens without supplementary financial incentives/rewards of employees such as for instance boni etc.
- 4. Information sharing and communication** is an important part of the innovation culture. As described in the case description, a large panoply of tools have been put in place to promote clarity and to ensure a thorough understanding of goals and objectives to be achieved. Other important instruments are the dialogues between leaders and staff, as well as the regular consultation of staff, which introduced a more participative and non-controlling leadership style.
- 5. Development of leadership.** Staff commitment to change has on the one hand been substantially improved through the development of a more participative (consultative) and collaborative leadership approach and on the other hand through the enhancement of a feedback culture. Different instruments promoting developmental feedback and performance appraisal and training and development in a long-term perspective have been put in place: the most prominent and recent example in this context is the 360 degree feedback (pilot project) for top-level management which also includes the head mayor of Mannheim. Particularly this aspect of the feedback culture was evaluated as being highly important. It is desired that this culture is further developed.  
Other examples include the comprehensive yearly staff development dialogues including the identification of training needs to improve strategic capabilities, cross-departmental cooperation and leadership. Moreover, staff has also the possibility to provide feedback in job satisfaction surveys, which are regularly carried out.
- 6. Job satisfaction surveys.** The results of these surveys illustrate that employees are very open- and willing to change and that they identify with change. Employees are proud of the change process and they want to continue. However, results are more negative with regard to the structure of the process. It is felt that the process is still too hierarchical and that control practices are still too important.

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|   | <p>All 5 elements fostering organizational commitment to innovation as described in part one of the survey played a role in the German case.</p>  |
| <p><b>Interaction with other components of the Innovation Capability (PSD Mirror)</b></p> | <p>Referring to the results listed above, the CHANGE<sup>2</sup> project has also close interaction with HRM4's PSD 'mirror', PSD4 Citizens Involvement.</p> <p>PSD4 focuses on the aspects of citizen participation with a view of ensuring better adaptation of new services to citizen's needs and increase in citizen outcome. To summarise, the PSD bundle which may foster citizens involvement relate to openness, inclusiveness, citizens centricity and co-production.</p> <p>CHANGE<sup>2</sup> aims to develop a better model of shaping city society by improving democracy in City Council, promoting participatory approaches with citizens and developing the city in partnership with universities and businesses. Mannheim's inhabitants display an above-average level of civic involvement and receive support from the city. The city develops new forms of actions for the civic commitment.</p> |
| <p><b>Other additional linkages</b></p>   | <p>The case analysis has focused on the linkages to HRM4 and mirror effect with PSD4. However, there are also linkages to other bundles which are briefly listed below.</p> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>HRM1</b> (Distributed heroism, participatory approach towards innovation, policy &amp; chart, creativity, openness and receptiveness to new ideas)</li> <li>• <b>HRM2</b> (Collaborative and distributed leadership building, ethical leadership to build trust and transparency, delegation &amp; empowerment oriented leadership)</li> </ul>   |

| <b>HRM5 Flexible work design</b>  |  |
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| The HRM bundle 5 'Flexible work design' includes the following elements: Flexible, competency-based organisation, team and process oriented organisation, empowerment, decentralisation, responsabilization as well as flexible and collective workspaces and co-working, and flexitime.                                    |  |
| <b>Case: `Every child safe forever`, The Netherlands</b>  |  |
| The Dutch project " <b>Every child safe forever</b> " is an innovative example on how effective program management and enthusiasm based implementation can be installed covering all important elements of the organization: structure, professionalism, support systems and a completely new physical working environment. |  |
| <b>Contextual information</b>   |  |
| <b>Title of practice</b>  | <b>Every Child Safe Forever, The Netherlands</b>   |
| <b>Organization</b>   | Jeugdbescherming Regio Amsterdam (Youth Protection Amsterdam Region) is a certified Youth Care Institution that contributes to the protection and safe development of children.  |
| <b>Size of organization</b>   | 600 employees  |
| <b>Type of sector</b>   | Youth – social affairs   |
| <b>Website</b>  | <a href="http://www.jbra.nl">www.jbra.nl</a>   |
| <b>Core of the practice</b>   |  |
| <b>Background</b>   | <p>Jeugdbescherming Regio Amsterdam (JBRA) is an Amsterdam based certified Youth Care Institution providing specialized help and care to guarantee the safe development of children. Every child has the fundamental right to a safe upbringing, and to become a healthy and balanced adult who is fully included in society. JBRA has the task to enforce these rights.</p> <p>In 2008, the agency itself was in desperate need of help. It had the responsibility to look after approximately 10,000 vulnerable children. This meant working with families facing serious social and safety issues, in a complex field of partnering and competing organizations sharing the responsibility to provide them with a safe and supportive environment.</p> <p>The professionals at the agency were split across three roles: social workers who referred children reported to the agency to other services, guardians who had the legal responsibility for children under state care, and parole officers who worked with juvenile delinquents.</p> <p>A social worker would be responsible for 60 children at the same time, a guardian 18 children, and a parole officer 22 children. The different professionals' groups worked in separate teams, with their team managers mainly focusing on the size of their case load and their readiness for taking on a new case.</p> <p>The agency was divided across 7 different offices which were all designed to meet clients and perform administrative</p> |

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|                               | <p>tasks. Every employee had a personal desk and work pace – 80% of the time was spent at the desk. There were thus only limited possibilities for flexible work and for meeting the clients in their homes.</p> <p>The government bodies overseeing the agency placed it under heightened supervision in 2009. They concluded that: <i>"the agency was unable to assess the risks posed to the children under its responsibility, unable to provide timely help where required, unable to work effectively with the families of the children, and unable to control its own organization and finances."</i></p> <p>In 2009, the board of directors encountered an agency and youth care system full of good intentions, but empty of results and ideas. The new chief director observed: <i>"Qualified professionals and committed politicians tried their very best to help children in need. But that doesn't work if the system itself is broken."</i> To save the agency and make a difference for the children in need, the management's strategic task was to implement changes in interaction with the politicians overseeing the agency, the partner organizations (Employment Agencies, Adult counselling organisations, Social protection agencies etc.) working with the agency, and the work of its own professionals looking after the clients.</p> |
| <p><b>Key objectives</b></p>  | <p>JBRA started a system-wide change process and implementation in 2011 with the overall objective to implement intensive family case management (IFCM) with a view to increase the situation for their target group (children and their families) and at the same time reduce the costs of the service delivery. The specific objective was to change the organization with respect to:</p> <ul style="list-style-type: none"> <li>• establishment of a team and process oriented organization,</li> <li>• reduction of administrative burdens,</li> <li>• ensure empowerment of staff,</li> <li>• create a working environment that facilitates working in "basis teams" (6-8 people), enhancing team-spirit and cross-team meetings,</li> <li>• promote decentralisation and the introduction of collective workspaces and co-working,</li> <li>• support caseworkers spending 80% of time outside the office (meeting clients, parents etc.),</li> <li>• support caseworkers spending 20 % of time on administration tasks, at any time, any place.</li> </ul>  |
| <p><b>Main activities</b></p> | <p>JBRA has worked together with the Functional Family Therapy group (FFT LLC) in Seattle and Vanguard NL to make Functional Family Parole suitable to its work with the "One family - One plan - One worker" approach for IFCM with complex multi-problem families.</p> <p>The most important marker of the work of JBRA is the intensive family focused case management, an integral approach that offers a professional methodology and organizational context when working on the structural safety of children. Here, the worker combines the frameworks of youth protection and youth rehabilitation following the principle of one family, one plan, and one worker.</p>   |

**1. The setting-up of the concept and work method**

According to **the one worker concept**, the worker as a professional sets up a plan together with the family and looks at the best way in which the family can be supported, and which help is appropriate for the family members to make the plan succeed.

The work method includes the effective elements of Delta method, family group conferences, multi-problem family approach and Functional Family Parole Services (FFPS), the latter being the most crucial element. Guidance to a family is provided by one worker, who assesses the reasons for the child’s unsafe upbringing. The worker will then make sure that the right help and/or treatment can be mobilized to create a safe living situation together with the family. This may concern different types of help and/or treatment by professional organizations, or the help of the family’s own network. As soon as the help has been mobilized, the worker will make sure everything is going well by means of progress meetings with the family and all involved. In case of problems, the family worker will take action, for instance by discussing the problem points with all the social workers, parents and children, and aim to find solutions. In the final weeks of the guidance, the family and the worker will make agreements for the future together. The guidance will then be transferred to the family’s own network, the council or a help organization.

It appeared pivotal to the professionals to reduce the time of desk work, and increase the contact hours with their families. Also, they stated that they deeply wished to find alternatives to forced family supervisions and out-of-house placements, without making compromises about the safety of the children.

The competence management was implemented from the bottom up and established employees were provided shared ownership of the transformation process.

A comprehensive and tailor-made training programme regarding child safety was offered to all employees by the organization’s own Academy, JBRA Akademie, which is Credo certified.

Employees as well as team managers had an increasing learning curve when they began viewing this new piece of business as a way to conduct a proper conversation, which was aimed at results and further personal development rather than as a calculation tool.

**2. The change management process**

The change process did not only allow a small group of employees to reinvent their own work in a social laboratory, but also to enable all employees to go through the same process. Moreover, the change process was not just to roll out a best practice, but enroll with the experience that change is necessary and essential.

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|                                       | <p>The next step was towards talent management. The organization has streamlined the selection procedure to the desired competencies; this has led to significantly fewer 'mistakes' when selecting new employees.</p> <p>The organization has established a learning culture where caseworkers in their teams can discuss mistakes and solutions without being "punished" for doing so. The new culture about the team supporting you and the importance to speak up and be open about uncertainties and mistakes.</p> <p>The director resolved to be consistently transparent about everything the agency did and changed. He organized external audits through consultancies, site visits from partner organizations, round tables with clients, and many meetings with politicians. The staff members also started presenting their new method at conferences and seminars, frequently sharing information online and in print media. In this way, the agency provided maximum transparency to the politicians, while also building its own support platform for change among a network of stakeholders.</p>  |
| <p><b>Key operational results</b></p> | <p>Substantial public value in one of the most difficult sectors of social welfare has been created through this project.</p> <ol style="list-style-type: none"> <li><b>1. The reduction of court cases.</b> The effect was created throughout the Greater Amsterdam Area (population of 1.5 million). The number of court ordered measures for: parole, child protection and out of home placement were reduced by 45, 50 and 60%; the service referrals by 28%, including residential care by 5%; the absenteeism of staff by 30%.</li> <li><b>2. The increase of customer and employee satisfaction.</b> The satisfaction of families and youth care professionals has increased significantly, while bureaucracy and administration have been cut by 75%.</li> <li><b>3. The reduction of administrative burdens.</b> In terms of the redesign of the work processes on the ground and the implementation thereof, the employees themselves were unburdened of 70% wasted time. By removing what was considered as "unnecessary waste" especially in terms of rigid reporting procedures the case workers got significant more time available to focus on their real objective: to keep children safe. It becomes easier for the individual caseworker to manage his/her own time and meet the clients. This has resulted in an overall improved motivation of staff which is e.g. reflected in reduction of sick leave among case workers.</li> <li><b>4. The reduction of costs related to the rent of offices.</b> Closing of 6 locations out of 7 locations and a reduction of office space with 6,000 square meters. The remaining – head office – was redesigned – with introduction of flex desks and meetings facilities to support the working in the "basis teams". Thus a proportion of the reduction of office space of 6/7.</li> </ol> |

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|  | <p>With the implementation of intensive family focused case management, yearly savings of 12 MEUR have been realized with the Youth Protection Amsterdam Region itself, and of 10 MEUR for expensive youth care. In addition, there are also savings on forced out-of-home placements. The total number of families under the care of the organization has been reduced from 8,000 to 4,000. In total, 30 MEUR are saved annually.</p> <p>The intensive family focused case management is constantly being further developed and JBRA will continually add new feedback loops to resist the permanent threat of falling back into the old behavior.</p> <p>The effect has been to allow the case workers to work according to the principles of 'Every Child Safe forever', while employee satisfaction on facilities has improved from 6.3 in 2012 to 7.4 in 2014 (6.9 national average). The total costs of facilities, including IT have been reduced by 32 %.</p> <p>JBRA continues improving its operations, in cooperation with local organizations, but also seeks to build new alliances within and outside the youth system, mainly through cooperation in franchises, education programmes in the new Youth Care Academy, through research programmes, and by supporting initiatives outside of the organization that contribute to the safety of children throughout the nation.</p> |
| <b>Resources needed</b>                    | <p>To make the project possible, 2 million EUR was provided by the ministry of security and justice and 1 million EUR by the borough of Amsterdam. This is a relatively small budget compared to the size of the organization with 600 full time employees. (Overall budget missing)</p> <p>Moreover, JBRA has invested its entire development and education budget in the project. The total investment was over 5 million EUR.</p>  |
| <b>Transferability and success factors</b> | <p>The West Frisian boroughs (in North Holland) and the region Zeeland have already adopted the method. The regions of West-Brabant, North Holland, Flevoland and the city of Rotterdam are considering the same implementation.</p> <p>The successful local implementation and collaboration with other organizations in the Netherlands demonstrates that both method and ideas are transferable to other contexts and public organizations that are not necessarily engaged in social welfare. The innovative system change process and the implemented activities for an integrated case management can also be replicated to national public administrations engaged in client case management, e.g. employment offices, social insurance agencies, etc.</p> <p>The Intensive Family Case Management model is not only well described, but also objective results are available. A Dutch Wikipedia for the method is available online and will be expanded to English in the future.</p>   |



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|  | <p>The achieved results are largely due to the internal transformation process of the JBRA based initiative of the new director, while a successful implementation depends on the following elements:</p> <ol style="list-style-type: none"> <li><b>1. The encouragement of bottom-up innovation processes.</b> Instead of driving change top-down, the management gave the professionals a leading role. Each individual professional could redefine the value they wanted to provide the children with, which processes were essential for this purpose, and which processes could be discarded. This resulted in a lean care process method entirely focused on creating value for each child. The distinction between social workers, legal guardians, and parole officers was disbanded; one case worker would now be responsible for all the children in a family.</li> <li><b>2. The provision of training.</b> Professionals were undergoing an intensive training, which involved the reduction of 'protocol', identifying false assumptions on regulation, and discarding all sorts of red tape that did not add up to value creation.</li> <li><b>3. The transfer of the right message to the politicians.</b> Making innovation changes inside an agency like in the project 'Every Child Safe Forever' requires support from the politicians outside the agency. When the JBRA had asked for extra money in previous years, the agency had emphasized the threat posed to the children under care if it remained underfunded. Yet this argument did not have a large impact and only parts of the required sum were ever released. From 2011 onwards, the agency reframed its case to the politicians. The agency now emphasized that the extra money would permit to invest in innovation, which would save money in the long run. This plan seemed to resonate more with the politicians involved.</li> </ol> <p>The director also needed moral support from politicians to make the radical changes. Ideally, the agency would get some leeway for learning and making mistakes while tinkering with the care process. There was very little room for experimentation, however, as the politicians were anxious to avoid any of the old tragedies.</p> |
| <b>Linkages to HRM and PSD bundles</b> |  |
| <b>HRM5 Flexible work design</b>       | <p>The redesign of teams and processes, the flexibility of workspaces and time, as well as decentralization and empowerment of employees are all elements of HRM5 on flexible work design. The different practices of this bundle encompass, among other practices, the elimination of barriers between departments, multi-roles and inter-functionality.</p> <ol style="list-style-type: none"> <li><b>1. Organizational change and redesign.</b> The case 'Every child safe forever' illustrates very well how substantial public value can be created through a fundamental organizational redesign, a stronger competency-based orientation of the organization and the development of innovative methods to structure teams and break down of silos which can facilitate partnership across the organisation.</li> </ol>  |

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|  | <p><b>2. Flexible, competency-based organization.</b> As described under main activities, the major elements of the organizational change and redesign include a stronger focus on a flexible, competency-based organization through the introduction of new and better targeted training programmes, the introduction of talent management - including clear competency-based profiles during the selection - and in general, the promotion of a learning culture.</p> <p><b>3. Team and process orientation,</b> were substantially remodeled through the suppression of the distinction between social workers, legal guardians and parole officers.</p> <p><b>4. Decentralization and empowerment of employees</b> have been strengthened by the fact that employees were given a great liberty to manage their own time and meetings with the clients through the introduction of more flexible work time schemes, and that they were granted the possibility to reinvent their work in a social laboratory.</p> <p><b>5. Flexible collective workspaces and co-working.</b> As described in the section on key results, the focus on flexible collective workspaces and co-working has resulted in the closing of 6 out of the 7 offices and in the reduction of office space with 6,000 square meters. The permanent workstations of the caseworkers have thus been eliminated, and staff are fully flexible and mobile through the provided ICT support. The remaining head office was redesigned to support team working and the caseworkers when back from the "fields". This was done by introduction of flex desks and prioritization of meeting facilities, including a central plaza as part of the interior design.</p> <p>All 5 elements fostering flexible work design (HRM5) as described in part one of the study played a role in the context of this case.</p> <p>The Dutch case on flexible work design (HRM5) correlates with elements from <b>HRM2 innovation-supporting leadership, HRM4 organizational commitment to innovation and HRM1 innovation oriented culture</b> and particularly with the practices of delegation and empowerment oriented leadership, of training and development in a long-term perspective, of staffing for innovation and of organizational slack and experimentation.</p> |
| <p><b>Interaction with other components of the Innovation Capability</b></p> | <p>The PSD5 bundle to foster collaborative and digital work is the PSD 'mirror' of HRM5 Flexible work design. This corresponding PSD bundle includes the following: common collective purpose, deliberative process implementation, teamwork and organisational agility, as well as relevant online and social technology adaptation.</p> <p>These are elements found in the 'Every child safe forever':</p> <p><b>1. A common collective purpose.</b> The aim of the change process and the improvement in the public service delivery through intensive family case management (IFCM) was to increase the situation for JBRA's target group (children and their families) and at the same time reduce the costs of the service delivery.</p>  |

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|   | <p><b>2. Deliberative process implementation.</b> The most important marker for the work with JBRA is this intensive family focused case management, which offers a professional methodology and organizational context to work on the structural safety of children. Here, the worker combines the frameworks of youth protection and youth rehabilitation following the principle of one family, one plan, and one worker.</p> <p><b>3. Team work and organisational agility.</b> The project used a lean care process method entirely focused on creating value for each child. The distinction between social workers, legal guardians, and parole officers was disbanded. Simultaneously, an intensified collaboration with many network partners (who have taken on the new way of working) was supported and innovation in the supply of care providers was made.</p> <p><b>4. Relevant online and social technology adaptation.</b> The establishment of a new professional work environment where the ICT-support facilitate employees at home, in the office, with families and on the road.</p> |
| <p><b>Other additional linkages</b></p> | <p>The case analysis has focused on the linkages to HRM5 and mirror effect with PSD5. However there are also linkages to other bundles which are briefly listed below.</p> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>HRM1</b> (Staffing for innovation)</li> <li>• <b>HRM2</b> (Delegation and empowerment oriented leadership)</li> <li>• <b>HRM4</b> (Training and development in a long-term perspective)</li> </ul> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>PSD1</b> (State organisational values consistent to innovation)</li> <li>• <b>PSD2</b> (Ensure learning from actions)</li> <li>• <b>PSD3</b> (Ensure knowledge exchanges between stakeholders)</li> </ul>  |

## 6.2. PSD practices

| <b>PSD1 Innovation oriented culture</b>   |   |
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| PSD1 'Open Innovation Culture' is regarded as an open participatory process involving public agencies and civil society. It includes the following elements: stating organisational values consistent with innovation, building partnership with innovation lab/hub/factory, promote and manage a risk culture.   |   |
| <b>Case: MindLab, Denmark</b>   |   |
| The inspiring Danish project 'Mindlab' is a cross-Ministry innovation lab which supports the active involvement of citizens and businesses in developing new public sector solutions. It is a good practice of how to foster discussions between public servants, citizens and businesses out in community settings and how to use the outcomes to redesign public policy and service delivery in key areas. Established in 2002, MindLab is jointly owned by three ministries (Ministry of Business and Growth, Ministry of Education and Ministry of employment, one municipality (Municipality of Odense) and collaborates formally with the Ministry for Economic Affairs and the Interior. |   |
| <b>Contextual information</b>   |   |
| <b>Title of practice</b>  | <b>MindLab, Denmark</b>   |
| <b>Organization</b>   | Cross administrative  |
| <b>Size of organization</b>   | 15 employees  |
| <b>Type of sector</b>   | Innovation Lab  |
| <b>Website</b>  | <a href="http://www.mind-lab.dk/en">www.mind-lab.dk/en</a>  |
| <b>Core of the practice</b>   |   |
| <b>Background</b>   | <p>An innovation lab (European Commission, 2009; INNOGRIPS report) is characterised by four components: 1. Active involvement of users at all stages of development (co-creation); 2. Multiple partners from public, private and civil sectors; 3. Bringing together different disciplines and approaches from design, social research, policy, and technology and 4. A dedicated space (real and/or virtual) for both experimentation and the development of new ideas.</p> <p>Created in 2002 for the Ministry of Economic and Business Affairs as an internal incubator for invention and innovations, MindLab, which embraced human-centred design (HCD) as its method for innovation, has expanded its remit to work with two other ministries and one municipality: the Ministry of Taxation and the Ministry of Employment and the Municipality of Odense.</p> <p>These strategic partnerships with new government departments are a deliberate attempt to create more systematic change, arising from the view that public sector innovation does not come from a single project, but instead needs to be sustained and spread through cross-cutting partnership. At that time, the vision of an in-house laboratory as a centre of creativity and innovation</p> |

was unique for a ministry. In the years that followed, MindLab conducted over 300 workshops, both within the ministry and for a broad range of other public and private organizations.

MindLab has constantly innovated itself and new goals have been set and adjusted, with more and more focus on the active involvement of both citizens and businesses in developing new public sector solutions. MindLab has taken on a number of professional researchers, with the aim of establishing a more robust methodological foundation for its work.

MindLab's strategic direction is set by the Board, which meets three to four times a year, and comprises the permanent Secretaries of the three ministries and the chief executive of Odense municipality. The Board also gives final approval to MindLab's portfolio of projects.

The Board plays a particularly important role in deciding on the yearly work programme which lays out the activities for Mindlab and which it is held accountable for. The main part - 80 % - of the selected innovation projects and the concrete activities which the staff of Mindlab should focus on is decided by the administrative entities involved in the board. Often the support provided by Mindlab is part of a larger innovation project or reform process financed by the administrations involved.

The interaction between the Board and the operational team can be characterised as very close. In addition to the quarterly Board meetings there are also informal exchanges of information between the Board and the operational team. This is partly due to the unformal structure and cooperation culture as well as to fact that the members of the Board are located in close physical distance to MindLab.

The remaining 20 % of Mindlab's work is used in relation to internal research and development projects targeting innovation aspects in the public sector and participation in international forums and platforms.

MindLab resides in the Ministry of Business and Growth in a specially designed and flexible office space, which can be easily reconfigured. The space comprises several zones. The mind is the characteristic egg-shaped space lined on the inside with whiteboards. Architects have developed the concept in collaboration with designers. They have created the Workshop Zone, which is the largest section, and is where most of MindLab's workshops take place. It houses workshop/ meeting spaces, plus office space for a small permanent professional staff of around 7. These include a number of professional researchers, who work with public servants to develop new ideas and concepts to address problems and improve services.

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| <p><b>Key objectives</b></p>  | <p>MindLab has three strategic objectives:</p> <ol style="list-style-type: none"> <li><b>1. Public sector innovation:</b> MindLab will strengthen the outcomes of public policies through systematic insight into the perspective of citizens and businesses, and active involvement of the stakeholders which can turn new ideas into practice.</li> <li><b>2. Change capacity:</b> MindLab will build knowledge about new approaches to public problems. This knowledge shall enhance the owners' competencies to take courageous change initiatives.</li> <li><b>3. Visibility and legitimacy:</b> MindLab will work actively to qualify the public sector innovation agenda and to share the owners' role as co-creators of one of the world's leading innovation environments.</li> </ol>  |
| <p><b>Main activities</b></p> | <p>The main activity of MindLab is to support the creation of new ideas and helping promising innovations to reach and benefit more people. MindLab supports innovators working in fields like health and ageing, opportunities for young people, public service reform and digital arts and media. The lab works with organizations from different sectors, from front line public services and early-stage social entrepreneurs to government agencies, established non-profits and commercial businesses.</p> <p>MindLab develops projects and change programmes in collaboration with each of its government owners. Human-centred design methodologies, and an ethos of listening to and learning from users, are the central elements of MindLab's work. MindLab applies the design concept to public services, which involves bringing together interested actors to co-design creative solutions.</p> <p>Mindlab plays an important part in systematically shifting the culture of decision-making and public policy by embedding human-centred design (HCD) in the central government administration. This approach helps link the perspective of the end user to government decision making. Mindlab provides a systematic space for discovering and applying new ways to address problems and design processes to turn new ideas into practical outcomes. HCD provides a clear structure for projects, while also creating an identifiable brand for MindLab.</p> <p>To understand user experiences, MindLab draws on a range of techniques and methods, interviewing users, applying various workshop formats to structure group discussion, asking users to narrate their experience by taking photographs or keeping a diary, as well as undertaking ethnographies with MindLab staff living alongside service users for a period of time. These insights are then collated to be communicated back to the ministries, and in some instances are used to prototype potential solutions.</p> <p>To work in this way, Mindlab's work cut across different levels and aspects of government. At MindLab they combine a number of different approaches in each project, including:</p> <ol style="list-style-type: none"> <li><b>1. Service design:</b> Changing the 'front-end' of public services – using the lab to explore how different outcomes could be created in the interactions between citizens and the public sector.</li> </ol> |

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|                                       | <ol style="list-style-type: none"> <li><b>2. Policy design:</b> Working with public policy – using the lab to allow for experimentation in the development and implementation of large-scale laws, reforms, policies, regulatory efforts and other change-making initiatives that target the public.</li> <li><b>3. Governance design:</b> Working with the back-end governance systems – using the lab to explore and rethink system logics and relationships of accountability in order to create a more outcome-focused operation and support of public service systems.</li> <li><b>4. Capacity building:</b> Improving the design and change-management skills of government through project collaborations – using the lab to rethink new decision-making practices and knowledge management processes.</li> <li><b>5. Scaling labs:</b> Learning about and experimenting with local solutions in order to understand how to create large-scale impact – using the lab to enable what works locally to have systemic impact.</li> </ol> <p>Using design thinking and design methodologies as part of government interventions not only aims to develop new human-centered service systems, but it also becomes a process of experimenting with the very functioning and culture of government itself. This includes procedural, administrative, political and democratic processes and practices, the failures of which are talked about far less than the 'solutions' at the frontline.</p> <p>In addition to its role as project manager/facilitator, MindLab provides an advisory service to projects being undertaken within its sponsoring ministries, undertakes staff training and workshops to disseminate its findings and learning and maintains a network of public and private sector and academic contacts with an interest in innovation in public sector administration.</p> |
| <p><b>Key operational results</b></p> | <p>MindLab focuses on measuring the value created for its partners assessed against four factors:</p> <ol style="list-style-type: none"> <li><b>1. Creating new knowledge that is useful for the organization.</b> Today, MindLab has considerable experience with innovation processes that are based on the realities experienced by citizens and businesses and which also promote collaboration across the public sector.</li> <li><b>2. Giving the organization a new understanding of its challenges and possibilities.</b> Working as an internal cross-governmental design lab, MindLab has experimented a great deal in recent years with the human-centred design of public services, policies and governance models to create better outcomes, productivity and democratic value. Design approaches offer a practice-oriented, centred and holistic perspective, as well as an iterative process of learning-through-action. This enables a more dynamic approach to public policy that involves citizens and frontline workers, as well as local authorities and communities, in a collective effort to develop and implement policy ideas. The Board does not define key performance indicators in the annual work programme, instead there is an on-going follow up on the activities and projects implemented throughout the year.</li> </ol>  |

**3. Contributing to changes in policies, services and/or strategies.** The assessment of MindLab's effectiveness is still at the beginning, and the role it plays in introducing new methodologies and approaches in designing and delivering services drawing on the resources, interest and energies of a wide range of partners.

MindLab understands its role as indirect and a cause-effect measurement of results is not an easy task. It is important to understand that the role of MindLab is to create:

- An insight of the civil servants on what role their institutions have in creating an effect and value for the citizens and the society.
- Support the integration of their work in future strategies and the creation of new solutions.
- Support a cultural long-term change in the public administration and the ability to work innovatively.

Currently there are efforts within MindLab on finding a methodology for the measurement of their work relating to the above. This work has just started, and there are no concepts or data available. It is expected that first drafts of such methods will be available in 2016.

**4. Contributing to the implementation of new solutions.** As examples of concrete projects which have benefited from MindLab two projects can be mentioned:

- The project with the Danish Business Authority to help businesses navigate the "labyrinth" of bureaucracy when trying to register their industry code. Too often, start-ups had registered incorrectly, resulting in statistical errors, taking up government time to resolve, and leading to erroneous company inspections. As a result of the collaboration, the Business Authority launched a new website to simplify this process. This project resulted in a 21:1 return on investment.
- The project of the Ministry of Employment. Starting in 2013, MindLab and the Danish Ministry of Employment refocused the implementation of reforms related to social benefits, early retirement and flex jobs. The overall intent underlying the reforms was to improve employment initiatives aimed at citizens at risk, with the goal of reducing (in particular) the number of young people outside of the labour market.

These activities were also about creating joint ownership across both the central and the local government and getting rid of the trend of implementation tasks becoming a matter of 'us' and 'them'. Instead of the state blaming municipalities for their failure to implement a policy, or municipalities blaming the state for being out of touch with the reality of actual practice, this project encouraged teamwork between the two entities.

A series of new projects and partnerships are now taking place that aim to create an entirely new approach to public policy in the Ministry of Employment, in which systematic involvement of citizens and practitioners increase the likelihood that policy initiatives create the intended outcomes. In other words, they are redefining the implementation challenge of public policy from



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|  | a 'plan and deliver' mentality to an outcomes-focused practice of implementing the political objectives through involvement and collaboration.   |
| <b>Resources needed</b>                    | <p>With permanent and seconded or contracted staff, MindLab has a team of 15 employees. The majority of the team is working at Mindlab for over six years, developing deep business knowledge and close relationships with civil servant. The team consists of 6-7 project managers with a background in design, political science, anthropology, sociology and communication; adjoint project managers heading some substantial user-centred development projects within one or more of the parent ministries, for between six and twelve months, a research manager responsible for working with experts, think tanks, researchers and other knowledge environments to generate valuable change in MindLab's parent ministries and trainees and students with a background in public administration, sociology, communication and design.</p> <p>A project will also involve a number of public servants from the sponsoring ministry or ministries, who may be seconded to the MindLab for a period.</p> <p>Each participating entity contributes with the payment of the staff members in MindLab or "lens" their staff directly to MindLab. In addition to this, there are contributions to students' salaries and secretary support. For the running cost, each participating entity pays 500,000 DKK annually (68,000 EUR). It undertakes 7-10 projects each year for its parent ministries.</p>  |
| <b>Transferability and success factors</b> | <p>MindLab can be replicated to other countries and applied in different forms. The success factors for establishing innovation labs are the following:</p> <ol style="list-style-type: none"> <li><b>1. Maintain top management backing.</b> The development of Innovation labs requires active top management participation with the necessity to have a public management with patience, mutual trust and ambition to achieve a more effective and service-minded approach to core tasks, whether those tasks are new service processes or new high-level policy development.</li> <li><b>2. Promote and manage a risk culture.</b> Innovation labs will be successful if they are able to keep reinventing themselves and to focus on creating more value for their owner organisations. To drive innovation, it is critical to be willing to experiment, adjust, renew and adapt the approach to innovation rapidly in response to changing circumstances.</li> <li><b>3. Create professional empathy.</b> It is important that innovation labs focus on helping public servants to understand the citizens they serve better and to empower them and use the knowledge they have in interplay with the outside-in perspective. This is done by applying new ways to address problems and design processes to turn new ideas into practical outcomes through co-production and user-centricity.</li> <li><b>4. Ensure funding.</b> It is crucial to develop a defined funding model for the team and to attract partners and supporters to leverage flexible funding.</li> <li><b>5. Insist on collaboration.</b> An innovation lab's existence is at the most fundamental level about a belief that a highly collaborative, cross-cutting approach to public governance is possible. The innovation lab offers as a neutral platform to</li> </ol> |

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|  | <p>more joined-up approaches. An ownership at top-level by e.g. Permanent Secretaries is important, as would be external board members who can pinpoint the silo-thinking and the need to involve others in finding the solutions.</p> <p><b>6. Do – don't only think.</b> To help changing mind-sets, the role of innovation labs is first to show how to do in practice - by enabling the civil servant to 'see' the world differently and with empathy - and understand that things could be done differently. The second achievement should be to enable the civil servants to 'do'.</p> <p><b>7. Recruit and develop likeable people.</b> Balancing the ability to push the Ministries in a new direction and still deliver something of value here and now has been and continuously will be a challenge to MindLab. The employees have to be different but not too exotic, have to understand the work of a civil servant without thinking like one. And first of all the staff has to be so likeable that their colleagues will want to work with them, even when there are challenges. Recruiting cannot be too thorough or too careful.</p> <p><b>8. Don't be too big.</b> Some of this can be achieved by rapid replacements in the staff of MindLab, which in turn demands a highly skilled management. The organisation structure of MindLab – with a fairly small core staff and different adjoint ones and with PhD students working part time at MindLab ensures a dynamic environment, but on the other hand also challenges the creation of a pleasant workplace where you know and socially relate to your colleagues.</p> <p><b>9. Communicate.</b> Over time, MindLab has evolved into becoming a powerful brand. The organisation has strongly invested in website development, graphical and physical identity, and in internal and external communication work.</p> |
| <b>Linkages to PSD and HRM bundles</b>                                       |   |
| <p><b>PSD1</b>      <b>Open</b><br/><b>innovation</b><br/><b>culture</b></p> | <p><b>1. Organisational values consistent to innovation.</b> MindLab's mission is to work with its owners to create change which generates the desired value for citizens, businesses and society, and which is also reflected in the values of the participating organisations. The participating ministries are engaged in the provision of values for citizens in different areas, and the participation in Mindlab is due to a management decision of these ministries and the participating municipality. Over the years other Ministries and public organisations have asked to join MindLab, but the decision so far has been not to expand the number of participating organisations. The reasons for this have been the importance of the innovation maturity in the organisation, the use of a project model, the experience in creative thinking, the experience in involving citizens and companies in the innovation processes and the commonalities and synergies across policy fields. Additionally, the personal relations and trust at all levels have been a highly important factor in relations matter when changing the public sector factor.</p> <p><b>2. Building partnership with innovation lab.</b> Mindlab is the result of a strong inter-administrative collaboration - without it - the dynamic of governance cannot operate. There is an explicit orientation to open innovation at strategic level. MindLab is an example on public institutionalisation of the co-design approach. The establishment of MindLab and its further development is an explicit open innovation orientation at the strategic and political level, which facilitate experimentation and prototyping of innovative actions and the use of different public private partnerships to carry out</p>  |

innovative activities. The public sector thus becomes a partner for solving the societal challenges and in provision of the public service delivery. MindLab is thereby an example on how to:

- Tackle the dissatisfaction with current innovation capabilities in achieving improved outcomes and cost savings in the public sector.
- Improve specific stages of the innovation process, such as idea generation testing or implementation and scale, by bolstering innovative capabilities.
- Provide a novel or unique method, such as design thinking or behavioural economics, to foster a structured approach to the innovation process.
- Listen to citizens and others outside of the organisation in ways that have traditionally been problematic. There is a systematic investigation of potential internal and external partnership to carry out innovative activity.

Furthermore Mindlab is a place where staff from the sponsoring partners can come together to learn about human-centred design or to address large-scale policy problems. The lab aims to address the architecture of the problem in a public service delivery by bringing together small interdisciplinary teams bridging organizational and sector boundaries, with experience and expertise that reflects the complex nature of policy challenges.

**3. Promote & manage a risk culture.** MindLab is using human-centred design as a way to identify problems and develop policy recommendations. The MindLab adopts experimental methods to tackle both social and public issues. The basic operating system of the lab includes: scanning for and identifying key issues, priorities and tasks, developing ideas that impact these areas, testing and prototyping solutions and creating routes into larger scale impact or systems change. The lab is mobilising its technical and methodological expertise to design experiments for its sponsoring ministries. Such a state requires individuals who possess the requisite technical skills, computational thinking and designer capacities to code solutions to contemporary public and social problems. MindLab believes that natural space, which is literally and metaphorically away from the day-to-day of government, fosters engagement and promotes more creative ways of thinking. Systematically embedding new insights and learning in the existing decision-making environments that, over time, mobilize and organize a new professional approach in government to change-making activities. In particular, Mindlab examines and considers the context, experience and circumstance to be influenced and then explores and experiments with new solutions.

*"Public and social innovation lab such Mindlab can be valuable assets in pursuing better outcomes but also by creating a new culture of decision making that transforms the way government works by institutionalizing a new organizational capacity to explore, learn, shape and adapt over time."* (Report of "Innovation lab as public change agents", August 2015)

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| <p><b>HRM1 The achievement of an innovation culture</b></p> | <p>There is a close interaction between the PSD1 bundle and its HR 'pair', namely <b>HRM1 The achievement of an innovation culture</b> and its corresponding HR-bundle.</p> <ol style="list-style-type: none"> <li><b>1. Organisational slack and experimentation.</b> MindLab can be viewed as an attempt to create an organizational response to innovation barriers in the public administration and is based on the idea that the competencies and mindsets needed for systematic innovation are not the same as those required for stable, daily operations and service delivery at the front line. Further, they are not even the same as needed for traditional, linear project design and 'stage-gate' implementation. MindLab seeks to provide approaches, skills, models and tools beyond what most trained civil servants usually possess.<br/>Prototyping requires project leaders to be open to having fundamental assumptions challenged and the shape of the service changed, possibly radically, during the process (as insights from service users, staff and the wider community deepen understanding and shift thinking).</li> <li><b>2. Staffing for innovation.</b> MindLab is not responsible for public service delivery as such. Instead the staff works closely with agencies across the government, and with external partners, to fund or support new solutions, with implementation targeted to the relevant government partner. Relationship management is a crucial skill – it's not enough for ideas to be good, they must have champions and support in order to achieve impact.<br/>Additionally, prototyping requires a particular attitude and approach to project planning, one that front loads effort and commits to more research and development before a service option is selected and significant investment is made.</li> </ol> |
| <p><b>Other additional linkages</b></p>                     | <p>The case analysis has focused on the linkages to PSD1 and the mirror effect with HRM2. However there are also linkages to other bundles which are briefly listed below:</p> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>PSD2</b> (Develop a shared understanding of the situation to enable collective action with supported public administration; Ensure learning actions within Mindlab with the research works on retroaction)</li> <li>• <b>PSD3</b> (Ensure knowledge exchanges between stakeholders involved in the MindLab's projects)</li> <li>• <b>PSD4</b> (Given the fact that the business core is based on HCD approach)</li> <li>• <b>PSD5</b> (With a team work and organisational agility with MindLab and its stakeholders; moreover, there is always a target to find a common collective work purpose)</li> </ul> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>HRM2</b> (Transformational leadership building and delegation and empowerment oriented leadership – internal context within concerned ministries / competency for innovation process, methods for external context with client-administration)</li> <li>• <b>HRM5</b> (Flexible collective workspace, co-working; team and process-oriented organization)</li> </ul>   |

| <b>PSD2 Sense making</b>  |   |
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| The PSD bundle, which may foster sense making, includes the following three elements: develop a shared understanding of the situation to enable collective action, ensure learning from actions and collective observation and discussion of the current situation.   |   |
| <b>Case: Development of Wellbeing and Civil Safety in Municipalities, Finland</b>   |   |
| The project "Development of Wellbeing and Civil Safety in Municipalities", is an interesting example of a sense making project or of how to overcome traditional vertical administrative thinking and of how to promote horizontal thinking. It aims at improved service delivery at local level and counteracting exploding costs in the social welfare and health sectors through strengthened cooperation and administrative efficiency. |   |
| <b>Contextual information</b>   |   |
| <b>Title of practice</b>  | <b>Development of Wellbeing and Civil Safety in Municipalities, Finland</b>   |
| <b>Organization</b>   | State Administrative Agency of Lapland Finland  |
| <b>Size of organization</b>   | 100 employees   |
| <b>Type of sector</b>   | Regional administration   |
| <b>Website</b>  | <a href="http://www.avi.fi">www.avi.fi</a>  |
| <b>Core of the practice</b>   |   |
| <b>Background</b>   | <p>The project "Development of Wellbeing and Civil Safety in Municipalities", which was implemented from 1 January, 2012 to 31 December 2014, is to be seen in the context of budget cuts and decreasing resources, which are threatening the quality of services. It is a good example of a project which aims at improved service delivery at local level and counteracting exploding costs in the social welfare and health sectors through strengthened cooperation and administrative efficiency.</p> <p>The problem tackled by the project is that, although municipalities have the principal responsibility for organising services for citizens, they are not able to maintain the existing services with the resources allocated to wellbeing, social, health and safety. Due to the current economic problems in Europe and budget cuts in public authorities, NGOs and other stakeholders are facing a decrease in resources for public health and safety provision. At the same time, the provision of services has become market-oriented, turning municipalities into mere customers who order services from the private sector. This jeopardises service provision, particularly in sparsely populated rural regions where private service providers are virtually non-existent. New ways of organising the provision of public services have to be found.</p> <p>Hence, there is no future to do things alone. The focus must shift to preventive work and the pooling of existing resources. Moreover the managers at the Regional State Administrative Agency of Lapland, Finland, realized that the methods of organising and implementing municipal services were heavy, ineffective and time-consuming, adding considerably to the workload of city officials and political board members. The existing system was a very fragmented system. There was a situation with a large number of strategies, programmes, plans and policies that directed the daily management of cities</p> |

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|                        | and municipalities. Furthermore, the short-term budgeting and strict sectoral thinking in the municipalities facilitated the non-preventive way of carrying out health and safety work. There was an apparent need for restructuring and reforming the social, wellbeing, health and safety work in cities and municipalities.  |
| <b>Key objectives</b>  | <p>The overall objective of the Civil Safety in Municipalities Project was to find economically and socially sustainable solutions that enhance the wellbeing and safety of citizens.</p> <p>The specific objectives were to:</p> <ol style="list-style-type: none"> <li>1. Attain joint goal setting.</li> <li>2. Ensure coordination and management of polices.</li> <li>3. Ensure effective public private-people collaboration.</li> </ol>  |
| <b>Main activities</b> | <p>The project builds an inter-jurisdictional model for maintenance and the development of social equality, civil safety and wellbeing for all population groups in rural, sparsely populated municipalities. The model treats non-profit organisations and voluntary associations as equal partners with businesses and municipal departments in service provision.</p> <p>The project is divided into five main phases:</p> <ol style="list-style-type: none"> <li><b>1. Streamlining of policies.</b> Scrutinising of national and regional strategies, plans and programmes, relevant to the domain of the project. The aim was to develop a shared understanding of the situation to enable collective actions. Main relevant documents were: Programme of the Finnish Government, adopted on 22 June 2011, Basic Public Services Programme 2013-2016, Domestic Security Programme 2012-2015, National Development Programme for Social Welfare and Health Care, Rural Policy Programme, Lapland Welfare Programme 2010-2015 and Rural Development Programme of Lapland.</li> <li><b>2. Establishment of inter-jurisdictional collaboration.</b> The state of affairs, inter-jurisdictional collaboration, task groups and projects was researched in municipalities. Based on this research, new inter-jurisdictional cooperation arrangements were established.</li> <li><b>3. Establishment of networks in municipalities.</b> Establishment of public-private-partnerships in the four pilot municipalities. Identification of good practices for cooperation.</li> <li><b>4. Development of cooperation at regional level.</b> Development of coordination mechanisms at the regional level.</li> </ol> |

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|  | <p><b>5. Adaptation.</b> Municipalities adopted the suggestions to coordinate decision-making, and merged the various and sometimes overlapping working groups. The aim was to ensure the involvement of citizens, businesses, administration and the third sector in the participative engagement of everyday wellbeing and safety work locally and regionally. Agreement to fully integrate the Electronic welfare report (a tool developed by the Association of Finnish Local and Regional Authorities to monitor municipalities' performance in accordance with ministry programmes against specific indicators).</p>  |
| <b>Key operational results</b>             | <p>The key results are:</p> <ol style="list-style-type: none"> <li>1. Full integration of the Electronic welfare report.</li> <li>2. Joint goal setting through new cross-sectoral working groups.</li> <li>3. Termination of overlapping working groups.</li> <li>4. Reduction of overlapping strategies, programmes and plans.</li> <li>5. A permanent cooperation model between NGOs, the third sector, and business organisations in rural regions. The cooperation is contract-based and has a permanent status in city and municipal service provision. Including mechanisms for involvement of third sector in policy making and strategy development.</li> </ol>  |
| <b>Resources needed</b>                    | <p>The total budget of the project was EUR 645,000, to which the EU and the Finnish state have contributed EUR 580,000 and municipalities EUR 65,000. The project had a local coordinator in five partner municipalities of the project.</p> <p>The project was managed by the State Administrative Agency of Lapland.</p> <p>The project has a local coordinator in each member city and municipality to implement project activities on a practical level, preparing suggestions and initiatives for the municipality decision-making structures, and liaising with other development projects in the municipalities.</p> <p>The project utilised a resource pool of an extensive wellbeing and safety network in Lapland. The network, coordinated by the State Administrative Agency of Lapland, arranged regular partnership meetings in which project objectives were discussed and activities synchronised. The project used the municipality information platforms for information dissemination.</p> |
| <b>Transferability and success factors</b> | <p>The project has found novel, nationally recognised solutions to implement wellbeing, health and safety services in 5,000 cities and municipalities. The innovation is to bring in the resources and skills of the third sector and voluntary organizations in an organized manner, to complement the services provided by the private sector and municipalities.</p>   |

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|  | <p>The service innovation, labelled as a best practice by the Finnish Ministry of Interior, is particularly applicable in rural, sparsely populated regions, yet also offers better coverage of services in more central regions by diversifying public service provision.</p> <p>The success factors of the project are:</p> <ul style="list-style-type: none"> <li>• A wide range of well-developed NGOs and third sector organisations that have capacities to take part in both the policy making process and the public service delivery.</li> <li>• A public administration which is open and able to involve stakeholders in the policy cycle.</li> </ul>  |
| <b>Linkages to HRM and PSD bundles</b> |   |
| <b>PSD2 Sense making</b>               | <p><b>1. Develop a shared understanding of the situation to enable collective action.</b> The project “Development of Wellbeing and Civil Safety in Municipalities” is an example of a sense making project, which aims at improved service delivery at local level and counteracting exploding costs in the social welfare and health sectors through strengthened cooperation and administrative efficiency. It builds on an enhancement of the Lapland model for Internal Security Network cooperation applied at regional and national level. This involves public authorities, NGOs, education and research organisations and the private sector in the field of security, which has been incorporated into the new structure of the Regional State Administrative Agency Lapland in 2010. The agency has a central role in this model acting as a ‘middleman’, bringing local needs to the attention of the national level and translating national goals to the regional and local level.</p> <p><b>2. Collective observation and discussion of the current situation.</b> The Agency collected information on the local situation through direct involvement of the stakeholders at the local level. Meetings and networks were arranged at the local level, where challenges and estimations for the service delivery were discussed. The networks are not managed as such by the Agency, but are established directly at the local level. At the local level, the manager of the municipality is the key actor and the person for facilitating the discussions in the network of his municipality.</p> <p>The strength of the network lies in its openness to and equal treatment of all partners, coupled with a proactive approach and outcome-orientation (“getting things done”).</p> <p>The model thus builds on a bottom up approach, where the wider system for service delivery was explored by collecting data observations through discussions with relevant stakeholders. The shared understanding of the needs in service delivery helped to create a “map” for action. The improvement of the Lapland model for internal</p> |



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|   | <p>security seems to be the expected map. The result of the project is an “inter-jurisdictional model for maintenance and for the development of social equality, civil safety and wellbeing for all population groups.</p> <p><b>3. Ensure learning actions.</b> The operative model adds to the subsidiarity principle, according to which local residents in villages and communities participate in the organisation and monitoring of services. Based on the Electronic welfare report, a tool developed by the Association of Finnish Local and Regional Authorities to monitor municipalities’ performance in accordance with ministry programmes against specific indicators, the municipalities define their areas for improvement and local needs and create cross-functional and cross-sectoral working groups. These groups are in cooperation with related projects, NGOs, private companies and other local actors in relation to well-being and civil safety. It should be mentioned that 80% of all municipalities in Finland uses this national monitoring tool. Regarding the subsidiary principle adopted by the project, the Agency supported the sharing of good practices between the municipalities through the electronic welfare report.</p> <p>The working groups act as platforms to bring different local actors together, pool available sources and create citizen-oriented services. Formal agreements are made for new service packages. The deliberations of these working groups are linked to the municipalities’ budget cycles so that their findings can be implemented in the municipalities’ budgets and result in concrete actions, an enhanced service offer and/or improved services. The results (new service packages) and municipalities’ performance are fed into the electronic municipal welfare report, which acts as a monitoring tool.</p> <p>This model enables more citizen-centric services resulting from a bottom-up perspective by including both NGOs (with a strong connection to citizens and their needs) and the private sector from the start in the different phases of service design. Moreover, the importance of the role of the local coordinators was emphasised, as these persons dispose of a reliable network comprising the mayors, administrative directors of the municipalities and the cities’ cooperation partners (NGOs, etc.), to ensure a vast overview of ongoing activities and programmes and to be able to mobilise actors. The project has proven that NGOs and voluntary associations can be included in the political and managerial system of municipalities. In this way cities and municipalities have received additional expertise and resources</p> |
| <p><b>HRM2 Innovation-supporting leadership</b></p> | <p><b>1. Collaborative and distributed leadership building.</b> The project overcomes the traditional administration thinking that has led to a myriad of health and safety policy programmes in municipalities over a number of years. A large number of different and sometimes contradictory policy papers, sectoral initiatives and working groups had</p>  |

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|   | <p>resulted in overlapping tasks wasting scarce resources. The project involves all stakeholders in local and regional public health and safety in a joint coordination group, bringing proper cost-effectiveness into the implementation of health and safety programmes in municipalities.</p> <p><b>2. Delegation and empowerment oriented leadership.</b> Different sectors in the domain of public health and safety work intensively together in the project's pilot municipalities. Local and municipality level actors from the third sector are included in the cooperation. In parallel with the creation of an operative model on the municipality level, a method will be developed to cost-effectively reach all residents who are in the need of public health and safety services in sparsely populated rural regions.</p> |
| <p><b>Other additional linkages</b></p> | <p>The case analysis has focused on the linkages to PSD2 and mirror effect with HRM2. However there are also linkages to other bundles which are briefly listed below.</p> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>PSD3</b> (Collecting stakeholders knowledge, ensuring of knowledge exchanges between his stakeholders and an organizational support to create a common knowledge)</li> <li>• <b>PSD4</b> (Link with the practices such as openness)</li> <li>• <b>PSD5</b> (Practices related to deliberative process implementation)</li> </ul> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>HRM3</b> (Building internal &amp; external networks, cross-sectional teams)</li> <li>• <b>HRM4</b> (Strengthening of information sharing and communication)</li> </ul>          |

## PSD3 Knowledge Management

PSD3 to foster Knowledge Management focuses on abilities and arrangements to gather, share and create knowledge. This includes organizational support to create a common knowledge, collecting stakeholders' knowledge, ensuring knowledge exchanges between stakeholders as well as ensuring the accessibility of public information and knowledge.

### Case: LOTS, Sweden

The Swedish '**LOTS**' Project is a best practice example on how to foster knowledge management through organizational support, to create common knowledge within a municipality with a view to improve the accessibility of public information and knowledge. More specifically, the 'LOTS' project demonstrates how to change a situation from having only one way into the municipality to creating numerous contacts for the private sector to use when getting in touch with the municipality is required.

### Contextual information

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| <b>Title of practice</b>    | <b>LOTS (LOTS is Swedish for a pilot or guide: someone who shows the way and leads you where you want to go or gets you in the right direction when you are lost), Sweden</b> |
| <b>Organization</b>         | Municipality of Hultsfred, Sweden   |
| <b>Size of organization</b> | -   |
| <b>Type of sector</b>       | Municipality  |
| <b>Website</b>              | <a href="http://www.hultsfred.se">www.hultsfred.se</a>  |

### Core of the practice

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| <b>Background</b> | <p>The LOTS Project was launched in Hultsfred Municipality with economic support from the Swedish Agency for Economic and Regional Growth. The project was implemented solely by Hultsfred Municipality. The CEO of the Municipality was part of the project Steering Committee. Furthermore, there was strong political support for the LOTS project, as this was considered a model to support the political programmes for improving the Hultsfred business climate.</p> <p>Hultsfred, like other Swedish rural municipalities, is at risk of a trend towards depopulation and loss of business. In order to stimulate and facilitate new companies to establish and develop in Hultsfred, the municipality had a look at itself in relation to the accessibility of public information, and also internally at the competencies and the attitudes within the municipality. If it could increase these and at the same time find a way to assure that all companies receive the same high quality of service, then its position as a company friendly municipality could be improved: a municipality acting as one organization and giving the companies the same answers, no matter what department they contact.</p> <p>LOTS is a model to spread the responsibility and knowledge throughout the organization, in order to create lots of possible ways for companies to get help, support and guidance from the officials and the different departments at the municipality. This</p> |
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|                              | <p>means that the officials handling company errands need to have a wider knowledge about the different areas that the municipality works with, as well as about the conditions of running a company.</p> <p>The focus is how to ensure that the quality of the treatment and the service that companies receive when they contact any department within Hultsfred Municipality - law practicing or not law practicing - is corresponding to the expectations that the companies had.</p> <p>The main driver for this project was the current Chief Executive from the private sector, with support of the Mayor appointed in 2005, who wanted to help avoiding business leaving Hultsfred by countering negative perceptions local entrepreneurs had about the attitude of municipal officials.</p> <p>He decided to challenge the approaches widely used by public bodies regarding contact with external parties (both businesses and citizens), by replacing the idea of a 'one stop shop' approach with a cadre of trained staff (business guides) in different municipality departments, who were able to assist local businesses with questions about legal and regulatory matters. The one stop shop approach was chosen in order to ensure that when companies and entrepreneurs approach the municipality, they will either receive direct service, or the person is able to guide them to the right department. Only one entry to the municipality is necessary to receive services – which is the core concept of the one-stop shop-approach.</p> <p>Although not primarily politically driven, the concept has had broad political support and has continued, even though there have been two changes of Mayors. (terms: 2005 – 2009 + 2010 - )</p> |
| <p><b>Key objectives</b></p> | <p>On a strategic, long-term level, the general objective behind the LOTS-project has been to increase the customer value for every company, business, start-up or entrepreneur that wants to set up, evolve or expand his or her operations in Hultsfred Municipality.</p> <p>In order to reach the general objective, the Department of Development in Hultsfred found four internal areas that the project should focus on:</p> <ul style="list-style-type: none"> <li>• streamline the organization and create a 'LOTS-culture' meaning a professional service level and attitude towards citizens and companies,</li> <li>• spread the individual knowledge, expertise and general business knowledge to more officials, both within their own department and in other departments,</li> <li>• shorten the organization's decision paths,</li> <li>• create a one-stop shop concept with a view to improve the business support to citizens, in particular to entrepreneurs and companies.</li> </ul>   |

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|                               | <p>By combining the general objective with how the three internal focus areas could be addressed, six specific objectives were formulated within the project:</p> <ol style="list-style-type: none"> <li>1. Become a learning organization by ensuring that all the knowledge of individual officials stays within the department even after the officials have left their position.</li> <li>2. Disseminate the collective knowledge of the departments to more of its officials.</li> <li>3. Learn directly from the business community in order to better understand their needs, demands and the context that they are currently active within.</li> <li>4. Shorten the average handling time of all errands from citizens, companies and businesses that are received.</li> <li>5. Raise and ensure the quality of the service offered to the business community.</li> <li>6. Make it easier for the business community and the entrepreneurs to make requests to the officials.</li> </ol>   |
| <p><b>Main activities</b></p> | <ol style="list-style-type: none"> <li><b>1. The identification of needs among the companies.</b> A focus group of local companies was set up in order to discuss their most important issues. From this input the project group was sketching both a theoretical and practical model. At the same time, Hultsfred and some other municipalities established a contact with the Swedish Standard Institute (SIS), in order to get feedback on how to establish a new Swedish standard based on the model that the LOTS Project was set to develop.</li> <li><b>2. The selection of projects and collaborators.</b> Based on the responses from the company focus group, the project group made a selection of who was going to be a part of the LOTS Project. It was a strategic selection based on functions rather than on persons, since the project needed to cover all possible aspects of company questions and company contacts with the municipality in order for the project to be successful.<br/>By making this kind of selection, a variety of officials and competences was brought to the project. The LOTS Project now covers all the way from the head of municipality to the reception staff. The project team consists of about 23 officials, who all have another main task outside of LOTS.</li> <li><b>3. Design and implementation of a training and educational scheme.</b> During the first year (2010), the project leader designed the fundamentals of the annual educational scheme that the LOTS Project is based on: <ul style="list-style-type: none"> <li>• Internship at other departments within the municipality;</li> <li>• An on-line case based educational programme on business support and service orientation, communication (both externally and internally). This is an e-learning platform – based on a battery of company, administrative and procedural related questions. In total it includes 200 questions about companies, regulations, how the municipality works, as well as the political set up. It is created on the basis of what is necessary to know to facilitate the companies and to qualify passing the test as a LOTS certified staff;</li> </ul> </li> </ol> |

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|                                | <ul style="list-style-type: none"> <li>• Field studies at different companies representative for the territory;</li> <li>• Participation in council meetings in order to observe discussions on political priorities for enterprises and growth strategies, in order to understand the political priorities and the importance of their work in this context.</li> </ul> <p>With a view to the collection of stakeholder knowledge, the answers from the company focus group, which was set-up during the initial phase of the project, a variety of themes, questions and situations were gathered. These were later used in the web-based educational programme, which was under development during the time of the start-up meetings and the initial workshops. The educational programme consists of 100 different questions within different categories. Every LOTS Member takes the test each year in order to deepen their knowledge, and to brush up on situations that they seldom encounter in their everyday work within their respective department.</p> <p>In order to ensure that the educational programme holds a high standard SALAR, the Swedish Association for Local Authorities and Regions, regularly controls the quality of the questions and answers within the programme.</p> <p>The web based educational programme is now owned and developed by a company, LOTS Education Ltd., which is a spin-off from Hultsfred Municipality that has started only because of this educational programme.</p> <p>During the second year (2011) of the project the LOTS Model was tested. Based on feedback, both from within the project and the external contacts in the companies that the project members had during this year, the model was further developed with an adjustment of services offered to companies, the functioning of the one-stop-shop approach and the internal coordination and cooperation - and thus refined before the model was fully launched during the third year.</p> <p>It is important to highlight that the LOTS model is now an integrated way of working and of providing support to companies and entrepreneurs by Hultsfred municipality.</p> |
| <b>Key operational results</b> | <p><b>1. A yearly survey.</b> A way to measure the success of the LOTS Project is the Local Business Climate, a yearly survey with all corporations and businesses in Sweden. The Confederation of Swedish Enterprise does the survey, which ranks how corporate friendly the Swedish municipalities are from a variety of angles. Since the LOTS Project was launched, Hultsfred has been rising in most of the categories from 2010 - 2014. In the overall category, Hultsfred Municipality advanced 92 places from 2010 till 2014.</p> <p>Other categories that Hultsfred has greatly improved in are:</p> <ul style="list-style-type: none"> <li>• Service to corporations (up 159 places);</li> <li>• Politicians' attitude towards private sector (up 186 places);</li> <li>• Officials' attitude towards private sector (up 125 places);</li> <li>• Municipality's enforcement of laws (up 106 places).</li> </ul> <p><b>2. Improvement in different sectors.</b> The annual web-based educational programme shows that the LOTS Group in Hultsfred has done great improvement. The LOTS Project has led to a higher knowledge level for the officials at</p>   |

Hultsfred Municipality. The educational programme is divided into Knowledge and Search. 14 persons did the Knowledge Part both in 2011 and 2012 - 12 of these got an increased result by an average of 18,9% and the average increase of the whole group was 13,9%. The average increased result for the whole group for the Search Part (12 persons did this part both years) was 6,4% and for the nine persons who made the greatest improvement, the average increase was 14%.

- 3. Side effects of the project.** As a welcomed side effect, the LOTS Project's concept of working with cross-department integration and experience exchange has spontaneously been adopted by some other projects within the municipality. Officials have started to see their colleagues at different departments as valuable resources in a way that was seldom seen before.

The LOTS Project and its model has become a natural part of the everyday work at Hultsfred Municipality.

When The Confederation of Swedish Enterprises released its summary of the Local Business Climate 2012 and ranked the factors that Hultsfred should prioritize in order to become a more corporate friendly municipality, infrastructural factors such as telecoms, roads, train services and airports ended up on top, while softer values such as the municipality's service and information to companies ended up in the bottom of that ranking as factors that Hultsfred should keep as they are in order to attract and support companies. And when the first version of Local Business Climate 2013 was released, the LOTS Project was highlighted as an arrangement that Hultsfred had done especially well.

- 4. Customer satisfaction.** The LOTS model is now an integrated part of the work of Hultsfred and the way the municipality provides services to companies and entrepreneurs. The Project Leader informed that in the Customer Satisfaction Index done by SALAR and which measures efficiency, information, staff attitude, usefulness of answers (soft values) in relation to business support provision throughout Sweden's municipalities (290 municipalities in total), Hultsfred is now ranked as the 18<sup>th</sup> best municipality.

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| <p><b>Resources needed</b></p>                    | <p>Hultsfred Municipality has only allocated a symbolic sum of 50.000 SEK (6.000 EUR) per year for the assignment. Instead of money, the officials at the municipality have invested working time and efforts in order to plan, manage and implement the project.</p> <p>Since the start, the project has been run and developed by the Department of Business Development. The Project Leader of the project, who came from the Business Development Department of the municipality, used approximately 75% of her working time on the project during its start-up and creation. However, the Project Leader also had to tend to other daily tasks in the department.</p> <p>The LOTS Group of Hultsfred Municipality included 23 persons from different departments. The LOTS model is based on an annual scheme of theoretical and practical processes for support and promotion of the local business climate, education for these officials, and is formally a part of the politically decided Growth management, and Business Program for Hultsfred Municipality 2011-2014.</p> <p>During the project's first year, two other municipalities were part of the project, since it was a cross-regional project from the start. Hultsfred Municipality allocated a project leader from the Department of Development. The other municipalities only participated as observers in order to learn from the process.</p>  |
| <p><b>Transferability and success factors</b></p> | <p><b>1. The spreading of the concept.</b> Since SIS made the LOTS Model a Swedish Standard, the interest from other municipalities in Sweden to adapt the model has been high. Larger Swedish cities such as Stockholm, Gothenburg and Helsingborg have started to adapt the LOTS Model. In addition to this the model has been used in a SIDA exchange project with the North West District Council in Botswana.</p> <p>This way of spreading the concept throughout the nation leads to an even deeper sustainability, and SIS's ambition is to spread the LOTS Model internationally within EU in the future.</p> <p><i>"You can't buy the results of this project; they will come to you for free if you are working for them"</i> - this means that every municipality and other types of organizations- no matter how large or small they are - can adapt the model within their own organization. The core values of the project are soft values such as cooperation, knowledge and organizational culture</p> <p><b>2. The prerequisites.</b> The model can easily be adapted and used by other public administrations without having to assign a large budget. The prerequisites are thus rather time, commitment and engagement than 'financial investment'. The project leader of LOTS has explained that this is possible with continued efforts and not giving up, facilitation and convincing the managers of the different departments of the value of an inter-departmental cooperation across the municipality.</p> |



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|   | <p><b>3. Dialogue between the departments.</b> According to the Project Leader, the most important success factor of the Project is to establish a robust dialogue between the different departments participating in the LOTS project. It is considered crucial that from the start of the project, managers from the different departments are integrated in the project and are convinced that the new model will also create a value for their specific department. Only this can ensure the dedication of the staff members to participate in the LOTS education. Furthermore, in order to facilitate the motivation of the staff to participate in the education and participate in the exchange, workshops, additional field visits to companies and excursions are recommended.</p> <p><b>4. An engaged project leader.</b> It is necessary to have a very engaged project leader who has a holistic approach and knows the field of business promotion from the different aspects in which the involved departments provide their services.</p> <p><b>5. Strong political support.</b> It is considered important as well that there was strong political support for the initiative, and that the LOTS model was seen as central implementation of the political strategies for improvement of the business climate in Hultsfred municipality.</p>   |
| <b>Linkages to PSD and HRM bundles</b>  |  |
| <p><b>PSD3 Knowledge Management</b></p> | <p>The PSD bundle to foster Knowledge Management focuses on abilities and arrangements to gather, share and create knowledge. Thus includes organizational support to create a common knowledge and ensuring the accessibility of public information and knowledge.</p> <ol style="list-style-type: none"> <li><b>1. Collecting stakeholders knowledge.</b> LOTS is a model to spread the responsibility and knowledge throughout the organization in order to create a variety of possible ways for companies to get help, support and guidance from the officials and the different departments at the municipality. This means that the officials handling company errands need to have a wider knowledge about the different areas that the municipality works with, as well as about conditions of running a company.</li> <li><b>2. Knowledge creation.</b> The annual educational scheme that the LOTS Project is based on is demonstrating the focus on internal knowledge creation in the municipality. The scheme, as described under the activities, includes the internship at other departments within the municipality, the on-line case based educational programme, field studies and the participation in council meetings.</li> <li><b>3. Accessibility of public information and knowledge.</b> When a company or an entrepreneur has an errand with the municipality, they expect a high level of service, no matter what official or what department they first get in contact with. They also expect that this high level of service should be equal in all municipalities, since companies do not operate according to municipal borders. The problem is that many municipalities have one (or maybe two) officials who are responsible for answering and handling all the questions from every company. To put it simple: There is only</li> </ol> |

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|  | <p>one way into the municipality and every company has to take the same road. The LOTS project developed a standard model for how municipalities in Sweden can work when it comes to company contacts. The model is based on professional experience from a variety of departments within Hultsfred Municipality and from local companies' feedback.</p> <p><b>4. Organizational support to create a common knowledge.</b> By focusing on functions - instead of individual officials - the model does not rely on the persons who are currently within the project group. If a member of the group should retire or change jobs, he or she can be replaced and the new person can easily use the shared knowledge and expertise within the project due to its educational routines.</p>   |
| <p><b>Interaction with other components of the Innovation Capability</b></p> | <p>The LOTS Project has strong connections with the <b>HRM3 Knowledge capturing, creating and sharing</b> and its related bundle of different aspects of knowledge capturing. This includes e.g. aspects on learning activities at shop floor level, establishment of multifunctional cross-sectoral teams and building of internal networks.</p> <ol style="list-style-type: none"> <li><b>1. Establishment of multifunctional cross-sectoral teams.</b> The innovation in the LOTS Project is created through interactions and sharing between organizational constituencies. Through a strong leadership and thinking in new ways, the knowledge sharing became a social process and the project demonstrates the interactivity during the daily provision of services to SME's and entrepreneurs. The employees were, through the LOTS training programmes, empowered to share their knowledge in their daily business, supported both by managers and IT/systems.</li> <li><b>2. Knowledge sharing.</b> The HRM measures promoted cooperation between employees and facilitated knowledge transfer. The employee development approach ensured trust and commitment of its employees.</li> <li><b>3. Learning workshops at the shop floor level.</b> The internships within departments of the municipalities as well as the knowledge exchange workshops are examples of learning workshops. The aim was for staff at shop floor level to exchange their knowledge and experience when it came to contacts with companies and the private sector, if they had different opinions on how the municipality could help companies and entrepreneurs in the best way.</li> </ol> |
| <p><b>Other additional linkages</b></p>                                      | <p>The case analysis has focused on the linkages to PSD3 and the mirror effect with HRM3. However there are also linkages to other bundles which are briefly listed below.</p> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>PSD1</b> ("promote and manage a risk", "reduction of risk aversion by supporting a more experiment orientation of innovative action". Open innovation culture required partnerships with private sphere and civil society (companies, SALAR, Swedish Agency for Economic and Regional Growth))</li> <li>• <b>PSD2</b> (Collective observation and discussion of the current situation, Develop a shared understanding of the situation to enable collective action through the setting up workshops with the different stakeholders)</li> </ul> <p><b>HRM bundles:</b></p>   |

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|  | <ul style="list-style-type: none"><li>• <b>HRM1</b> (organizational slack and experimentation, staffing for innovation, HR policy and chart (receptiveness to new ideas))</li><li>• <b>HRM2</b> (Competency for innovation (processes, methods), transformational leadership building)</li><li>• <b>HRM3</b> (Building internal and external networks, learning workshop, training, job rotation (internship))</li><li>• <b>HRM4</b> (Information sharing and communication, training and development in a long term perspective)</li></ul> |
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## PSD4 Citizens' Involvement

The PSD4 'Citizens Involvement' focuses on the aspects of citizen participation with a view of ensuring better adaptation of new services and an increase in citizens' outcomes. To summarize, PSD4, which fosters citizens' involvement relates to openness, inclusiveness, citizens' centrality and co-production.

### Case: "Complaint Front Office for service quality", Italy

The Italian project "Complaint Front Office for service quality" can inspire on how to bring the public administration and the citizens closer together with a view for the provision of improved public service delivery. At the core of this project is the creation of a platform, which allows citizens to easily interact with the public administration. The Milan Complaint Office is a highly effective system for listening to citizen's needs and complaints.

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| <b>Title of practice</b>    | <b>Complaint Front Office for service quality, Italy</b>       |
| <b>Organization</b>         | Municipality of Milan  |
| <b>Size of organization</b> | 200 employees  |
| <b>Type of sector</b>       | Municipality   |
| <b>Website</b>              | <a href="http://www.comune.milano.it">www.comune.milano.it</a> |

### Core of the practice

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| <b>Background</b> | <p>The Complaint Front Office was established in February 2007, within a specific administrative project. The aim was to pursue the political goal of a rapprochement between the public administration and the citizens or the city users and to ensure a more efficient reply to the needs of the city, supporting both the citizens and the businesses. Major instruments in this context are the website, the contact centre and the multi-functional front office. The website offers online services and exhaustive information about the sectors in which the body operates. The contact centre and the front office are the two indirect ways of communicating, thanks to an operator and/or a facilitator.</p> <p>Milan Complaint Office has been recognized as one of the best systems in force for listening to citizens' needs in one of Italy's big cities.</p> <p>The complaint management procedure is an integral part of the Quality Management System implemented by the City of Milan according to the UNI EN ISO 9001:2000.</p> <p>In order to implement the Quality Management System, the Municipal Board has created the Department for Quality, Services to the Citizen, Simplification and Civic Services in 2006.</p> <p>The main activities implemented during the strategic project "P.A. va ai cittadini", consisted in creating an access network through which the citizens or the city users can easily interact with the Public Administration, in three different ways:</p> <ul style="list-style-type: none"><li>• By submitting suggestions for better services;</li></ul> |
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|                        | <ul style="list-style-type: none"> <li>• By forwarding complaints and</li> <li>• By sending alert messages (e.g. a citizen may for instance draw the attention of the municipality to the fact that a hole is in the street and thus give an incentive to the municipality to fix it).</li> </ul> <p>On 1<sup>st</sup> February 2007 the Complaint Front Office has been opened. It is a virtual front office which manages all the claims concerning the Municipal Administration and all the other bodies, identified by the user as part of it.</p> <p>In 2015, the Complaint Front Office is being submitted to an important reform aiming at improving the 'Customer-Relationship Management' (CRM) approach through a more standardized procedure, which leads to an easier access to the public administration for citizens.</p>   |
| <b>Key objectives</b>  | <p>At the basis of the Complaint Front Office there are the objectives of the quality policy deliberated by the City Council. These objectives are put into daily practice by the Central Directorates. Among the most important objectives are:</p> <ul style="list-style-type: none"> <li>• A public administration, which is more open and responsive to citizens' needs, suggestions and complaints;</li> <li>• A better and more efficient management of citizens' complaints and suggestions through the creation of a 'One single channel' with one single form of submission;</li> <li>• The satisfaction of the citizens' expectations;</li> <li>• A closer and more effective interaction with citizens, aiming at better public services;</li> </ul> <p>The monitoring of the processes in order to measure the quality objectives.</p>  |
| <b>Main activities</b> | <p>The introduction of new modern services (e.g. online payments, the decentralization of the front offices for Italians and foreigners, the altered passport issue, the introduction of a single contact centre) makes the citizens feel uneasy. The new services always undergo a period of adjustment and testing. Moreover they need some advice from the city users. The Customer Care service makes use of the complaints and the customer satisfaction surveys, which are conducted using different methodologies (focus groups or satisfaction questionnaires), to improve services. On the basis of the outcomes, the service teams commit themselves to plan and implement complex projects. Some of these require new regulations (e.g. the extension of the Identity cards' expiry date), targeted advertising campaigns (self-certification), partnerships with territorial organizations and with associations which stand for the consumers or for specific categories of companies.</p> <p>The opening of the Complaint Front Office was inaugurated by the Mayor and the spokesman for Quality, Services to the Citizen, Simplification and Civic Services. The opening was advertised through posters, put up in all the municipal offices and in some strategic areas of the city. The service is publicized on the City website, too. On the home page, citizens can find the access point to submit their claims, suggestions etc. Citizens receive individual feedback to each complaint they</p> |

address to the municipality. Through intensive interactions with citizens, the different departments become aware of citizens' needs. In such a way, they receive valuable input for better public services.

In the future, citizens' suggestions and complaints will be – through the integrated 'Customer-Relationship Management' - directly targeted to the Planning and Control Department. This Department will analyse and categorize the claims with the aim that relevant departments improve the services they manage.

In connection to the opening, both the Mayor of Milan and the Minister of the Public Administration and Innovation have signed an important agreement on the innovation of the processes and services of the public administration. The Mayor has stressed the concrete actions implemented by the City of Milan to give importance to the citizens: *"the Complaint Front Office, together with the Customer Satisfaction System, is one of the means of dialogue and communication between the public administration and the citizens"*.

The town council encourages the citizens to participate in checking the provided services and, indirectly, in planning future improvements. On the basis of the information provided by the citizens, the Complaint Front Office works watchfully and impartially: the Quality Manager's task is to find a solution to the citizens' dissatisfaction. The technical offices intervene in case of sporadic unexpected difficulties, leaving the selection and the monitoring of the corrective actions to the Complaint Front Office and to the Quality Manager.

Several aspects of administrative responsibility are involved. The main issues are related to the observance of the prescribed time limit and to the implementation of particularly important actions. At the same time, the intervention of different political actors - in this case the Mayor and the Spokesmen - is strongly requested. This happens through reminders about the complaints which have not been treated yet, or about political choices discussed by the citizens.

To strengthen and consolidate the expertise of the Complaint Front Office's staff, the Directorate has organized training courses on the Dynamics of the Group and of the Organizational Welfare, on the Management Communication and on Problem Solving.

Both the Simplification and Quality Sector and the Customer Care Sector have understood the importance of creating a motivated network of experts. They have thus scheduled training and information courses on complaint management. In particular, meetings and workshops have been organized with the Central Directorates, the quality and IT manager, the

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|                                | managers of Sportello SMS, the Ombudsman, the Sectors/Services, the other cities of the Benchmarking Q Club, user associations and different Certification Bodies.  |
| <b>Key operational results</b> | <p><b>1. Openness to citizens' complaint.</b> From all Italian cities, the journal 'Altroconsumo' assigned the Milan complaint Front office the highest score in terms of its skills, courtesy and timely replies. In the period from April 2015 until September 2015 alone, the complaint Front office handled approximately 1.769 complaints, 161 suggestions and 1.941 alerts. The municipality has answered to all of them with the exception of 180 more complex complaints, which require further investigation.</p> <p>According to an interview with the project leader from the Communication department, Alessandra Marcatelli on 23<sup>th</sup> September 2015, the openness of Milan's municipality to citizens' complaints and suggestions has already led to improved services in the fields of taxes, social services and public works, which are the fields where most claims are received. Hence, as compared to the first years of the Complaints' Front Office, she particularly observes a decrease of complaints in these fields, which she sees in close relation to the service improvements as a follow-up to citizens' claims (statistics are unfortunately not available). It is planned to eventually measure these developments in the future through a statistical analysis.</p> <p><b>2. Management of the dissatisfaction with the public services.</b> The complaint Front office records and manages the dissatisfaction with the public services provided to Milan's two million inhabitants. Before the creation of this service, there was no institutionalised front office able to record and manage all incoming complaints. The complaint management procedure is an integral part of the Quality management system implemented by the city of Milan according to ISO 9001:2000. This certificate guarantees the quality of the administration's services and allows the users an access in many different ways. The customer care service manages the procedure for recording and sorting the complaints that the office receives. Moreover, the customer care service identifies the internal or external responsibilities for the respective complaints and verifies that citizens' demands are satisfied properly and in due time (within the 30 days' deadline). It is possible to submit a claim by filling in the specific form via different channels (website, front office, fax and post).</p> |
| <b>Resources needed</b>        | <p>The Customer Care Sector employs 5 people full time and 1 part-time.</p> <p>The Complaint Front Office works in close collaboration with:</p> <ul style="list-style-type: none"> <li>• the 26 Quality Managers, appointed by each Central Directorate;</li> <li>• the 40 counter clerks employed to receive the paper complaints and forward them to the back office;</li> <li>• the IT services operators, which give instructions on how to submit a complaint;</li> <li>• the political and administrative leaders, who are responsible for the verification of the working times and of the reply made by the Quality Managers (26 Central Directors, 16 Assessors, General Manager, Mayor).</li> </ul>  |

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|   | <p>The entire process of the complaint management is supported by the IT application developed by the staff of the Customer Care Sector and by the Specialists of the IT Systems Directorate. This project has allowed implementing the system for free.</p> <p>The Complaint Front Office is a virtual front office, which manages all the claims concerning the Municipal Administration and all the other bodies, identified by the user as part of it.</p>  |
| <p><b>Transferability and success factors</b></p> | <p>The concept of the Complaint Front Office is transferable to other public organizations, if the following success factors are in place</p> <ol style="list-style-type: none"> <li>1. Leadership and political endorsement.</li> <li>2. Political support for inviting citizens to express their opinion, ideas and suggestions on public service delivery.</li> <li>3. A clear strategy at the starting point for ensuring trust in the administration and invitations to the 'voice of citizens'.</li> <li>4. The right allocation and combination of technical and other human resources (see under resources needed).</li> <li>5. Setting up a project team to steer the strategic and operational aspects of the project.</li> <li>6. Provision of training and capacity building of staff in order to strengthen and ensure expertise of a complaint office, including training in Quality Management Systems and ISO directions.</li> <li>7. Ensuring sufficient IT technical support and development of user friendly software systems.</li> <li>8. Network of highly trained operators.</li> <li>9. Focus on centralization of the complaint management, combined with the involvement of the different functional departments, which ensures concrete interventions through the implemented corrective actions, the monitoring of the communication process with the user and the feedback and personalization of the replies to the citizens.</li> <li>10. The continuous human resource training and the widespread and strategic network that links the various levels of the administration. The Complaint Front Office activates synergies and coordinates the various skills. It bases its strategy on the logic of work as "process" and on the interdisciplinary character of the tasks: exchange and collaboration relationships are encouraged through the daily contacts between the Front Office and the Delegates of the various central directorates. The complaints sent to the Complaint Front Office are clearly identified by a code that allows complete traceability.</li> <li>11. Since recently, new tools, approaches and technologies such as the customer-relationship management are used more and more to support the interaction and coordination between all involved actors.</li> </ol> |
| <p><b>Linkages to PSD and HRM bundles</b></p>     |   |



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| <p><b>PSD4 Citizen involvement</b></p>                                       | <p>The PSD4 Citizens Involvement focuses on the aspects of citizen participation with a view of ensuring better adaptation of new services and increase in citizens outcomes. To summarise, the PSD bundle which may foster citizen involvement relates to openness, inclusiveness, citizen centricity and co-production.</p> <p>Trust in public services starts with openness, which means willingness to accept feedback even when it is critical, and to learn from it.</p> <ol style="list-style-type: none"> <li><b>1. Openness.</b> The case 'Complaint Front Office for service quality' demonstrates a great openness to citizens' comments, suggestions, opinions, ideas and complaints. Through this participative approach, the municipality of Milan receives valuable input and information for public administrations on service relevance and quality.</li> <li><b>2. Citizen-Centricity.</b> Moreover, this citizen centricity fosters a better understanding of citizens' needs, in order to make a better match between the delivery (quantity and quality) of services and expectations from the society, leading to greater user satisfaction.<br/>In designing and delivering services, public service users are thus more and more involved in expressing their needs and expectations through new user-centric relationships. This demands an innovative approach from public administrations in order to get citizens and businesses involved, with the aim of gaining an insight into their perceptions, expectations and commitment through active participation.</li> <li><b>3. Inclusiveness.</b> The project 'Complaint Front Office for service quality' can inspire on how to use several channels for recording formal complaints, ideas and opinions and for quickly responding to citizens' concerns on service quality – thus ensuring inclusiveness.<br/>Hence, the project aspires in different ways to include an as broad as possible variety of citizen's voices in the policy making process. Since recently, the City Council has opened over 30 social pages (e.g. facebook, twitter) about different public services which also mention the possibilities to submit complaints, ideas etc.</li> <li><b>4. Co-production.</b> The Complaint Front Office is a user-friendly way of listening to the citizens' disappointment and thus a means to know their perceptions of the city services. Its ultimate aim is service improvement by involving citizens and service users in a better delivery of public services (co-production).</li> </ol> |
| <p><b>Interaction with other components of the Innovation Capability</b></p> | <p><b>HRM4 Organizational commitment to innovation</b></p> <p>The "Complaint Front Office for service quality" project, which is an inspiring example on ensuring learning from actions through the direct opinion of the users of the public services, has close interaction with its innovation capacity 'pair'.</p>   |

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|   | <p>In addition to this, in the example there are actions taken to build competencies for acknowledgement of mistakes and complaints as a basis for building trust and transparency in the public administration, which is an important basis for being able to innovate the public sector. Both the Simplification and Quality Sector and the Customer Care Sector for example have understood the importance of creating a motivated network of experts. They have thus scheduled training and information courses on complaint management.</p>   |
| <p><b>Other additional linkages</b></p> | <p>The case analysis has focused on linkages to PSD4 and the mirror effect with HRM4. However there are also linkages to other bundles which are briefly listed below.</p> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>PSD1</b> (Promote and manage a risk culture)</li> <li>• <b>PSD2</b> (Ensure learning from actions, Develop a shared understanding of the situation to enable collective action)</li> <li>• <b>PSD3</b> (Organizational support to create a common knowledge, Ensure knowledge exchanges between stakeholders)</li> <li>• <b>PSD5</b> (Relevant online and social technology adoption, Team work and organizational agility)</li> </ul> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>HRM1</b> (Organizational slack and experimentation)</li> <li>• <b>HRM2</b> (Ethical leadership to build trust and transparency, competency for innovation (processes, methods), transformational leadership building)</li> <li>• <b>HRM3</b> (Building internal and external (social) networks, weak links; training (on the job, education at the shop self-development); Learning workshops at the shop floor level)</li> <li>• <b>HRM4</b> (Training and development in a long term perspective)</li> <li>• <b>HRM5</b> (Team and process oriented organization)</li> </ul> |

## PSD5 Collaborative & digital work

New technologies and participative webs and platforms have a crucial role to play in improving public service delivery. PSD5 'Collaborative and digital work' includes features relating to elements such as a common collective purpose, teamwork and organisational agility, deliberative process implementation as well as relevant online and social technology adaptation.

### Case: Police and the Social Media, Iceland

The Icelandic "**Police and the Social Media**" is an inspiring example on how to actively distribute information and effectively interact with citizens through Social Media. The Reykjavík Metropolitan police (RMP) has added social media to its toolkit in December of 2010. The goal was not just to distribute information, but also to enhance visibility and increase access to the police. The case is not about the tools, (Facebook or Twitter) but about using new methods in engagement, taking public management to another level, going out to the people and taking public service there, too.

### Contextual information

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| <b>Title of practice</b>    | <b>Police and the Social Media, Iceland</b>                                |
| <b>Organization</b>         | Reykjavik Metropolitan Police (RMP)  |
| <b>Size of organization</b> | 300 (15 persons directly involved in the project)                          |
| <b>Type of sector</b>       | Police – social media  |
| <b>Website</b>              | <a href="http://www.facebook.com/logreglan">www.facebook.com/logreglan</a> |

### Core of the practice

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| <b>Background</b> | <p>Iceland is a small country with a population of around 320,000 people. The Icelandic police serve on a federal level with approximately 650 police officers. There are 15 local police districts throughout the country, each having its own police commissioner. The Reykjavik Metropolitan Police is responsible for the largest police district in Iceland with 300 police officers and a population of more than 200,000 inhabitants. Iceland is one of the most sparsely populated countries in the world, but with one of the highest internet penetration: nearly 100 % of the population had access to internet in 2015.</p> <p>When the Reykjavik Metropolitan Police (RMP) was founded in January 2007, one of its main objectives was to <i>"enhance the security and feeling of security amongst those who dwell, work or stay in the metropolitan area"</i>. Ten focus points were specifically defined to guide the RMP towards this objective, including increased visibility of the police, pro-active policing in conjunction with stakeholders and increased dissemination of information.</p> <p>At the same time, much had happened regarding the use of social media. A large part of the population in Iceland was using Facebook and/or Twitter and it was therefore decided within the RMP to use social media to increase the visibility of the police force, increase security, the perception of safety and thereby the overall well-being of the community. The near bankruptcy of the country in 2008, followed by large cutbacks in funding to the police, also played a huge role in the decision to develop the innovation. With fewer police officers on the street, the problem was not just how to keep up with crime itself but also how to maintain the feeling of safety among citizens.</p> |
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|                               | <p>One crucial facet of the use of social media in policing is that the medium is very time sensitive, getting information across that is time crucial is where all the social media sites excel. In June 2012, the implementation of using social media specifically in large scale events was started and has been evolving ever since, e.g. having a social media officer working with the command centre, communicating with the public.</p>   |
| <p><b>Key objectives</b></p>  | <p>The objectives of the 'Police and the Social Media' initiative were to:</p> <ul style="list-style-type: none"> <li>• Improve access to the police, creating a gateway for people to send in questions, tips etc.</li> <li>• More responsive policing due to the bi-directional character of social media.</li> <li>• Improve visibility of the police force in an efficient way.</li> <li>• Improve the image of the police in the public's view as through the positive encounters the police will be more visible and more frequent.</li> <li>• Establish a connection where the police is not only contacted when a person has a problem, but also in cases where a person has information that s/he thinks the police might need or want.</li> <li>• Improve participation/ consultation of citizens, for instance, on where they think traffic speed should be enforced and then doing exactly that.</li> </ul>  |
| <p><b>Main activities</b></p> | <ol style="list-style-type: none"> <li><b>1. Design:</b> The idea was brought up during a meeting between the police chief and a detective, who were both sharing an idea of using social media for policing. As a result, the RMP's police chief decided to start watching what other police forces were doing and consequently set up the first facebook account, which started the project. Moreover, the police is a rather hierarchical organization. When the chief police officer made his views known to the employees, the broad majority accepted the project.</li> <li><b>2. Testing:</b> An incremental approach was used by taking small steps, but always ready to take a few steps back if required. The first step towards the innovation was to establish the RMP's facebook site, which was done in December 2010 and subsequently the RMP's Twitter site. These two sites were run for a few months by the police chief and one employee, setting the voice to be used in future relationships and establishing a model to which future members of the social media group could refer. Subsequently, moderators were added, giving more employees a chance to respond and maintain the site. The administrator group was expanded to 12 people with different roles - some were engaged in posting topics related to their daily work – mainly working as street officers - , moderating discussions, posting press releases etc.</li> <li><b>3. Implementation</b> <ul style="list-style-type: none"> <li>• The social media approach was implemented in three phases. Firstly, the start-up where the project was laid out, the tone was set and a basic guideline was made. Secondly, a team was established drawn from multiple departments, each person adding this task to their normal workload. Thirdly, a full time employee,</li> </ul> </li> </ol> |

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|                                       | <p>who further developed the social media approach, was hired (June 2012). Project management style allowed the project to be run as a staff unit, a unit that serves other departments without having direct supervision over them. Hence, the resistance was dealt with by telling employees how they could benefit from the project and how they themselves can use social media in critical situations.</p> <ul style="list-style-type: none"> <li>• <u>Tools:</u> Open social media profiles on twitter, facebook, instagram etc. were set up. Personal tablet/ i-pads (with high speed internet connection through a mobile GSM card) were purchased to make it possible for the group to maintain an internet/social media connection.</li> </ul> <p>The project was implemented across the regular hierarchy, with officers whose ranks range from constable to police commissioner. Each person's superiors were informed that they were taking part in a project under the direct supervision of the police commissioner. A twelve-person group was created, in which employees from all over the institution volunteered to give this new project a hand. The administrators had several roles; those working in the field were encouraged to post topics related to their daily work, especially time crucial information, such as highly affecting traffic delays and interesting cases which happen „on the shift“; essentially, letting the voice of the ordinary policeperson be heard. Other members of the team have the responsibility to moderate discussions and to answer posts or comments. One handles the publication of press releases and such, as had been done before, but now, with a channel straight to the public, in a way bypassing the conventional media.</p> |
| <p><b>Key operational results</b></p> | <p><b>1. Citizens’ involvement via social media.</b> As the project offers a good opportunity to improve service with little extra costs, it is a very cost effective way of increasing the effects of visible policing, added citizen engagement and a means of communication between the public and the police.</p> <p>The reach of information via social media increased enormously: messages related to extreme weather, missing people etc. reached many citizens in a short time; people were able to address their worries and questions to the police. The feeling of trust has been rising since 2005 to an all time high of 82% of the population having great of trust in the police. According to the evidence, by using Facebook’ statistical system one can closely follow the reach of every posting, i.e. of information concerning extreme weather, missing persons, natural disasters, questions to the police. For example, during a storm, the message with information to people stranded in cars was read by 19,000 users in 19 minutes.</p> <p>In September 2015, the RMP’s Facebook site reached 72,000 subscribers, the Twitter site had 10,600 subscribers and the Instagram site had 160,000 subscribers. The tremendous increase of social media users is illustrated by the following figures: in 2013, there were 42,500 facebook subscribers, 4,000 Twitter subscribers and 5,000 Instagram subscribers. By looking at the numbers of subscribers and personal messages being sent to the police</p>   |

using these new channels, it is apparent that the public is comfortable using them to contact the police, who can then transfer the dialogue into a more conventional channel, such as discussions with individuals in a police station etc.

The innovation has led to certain queries regarding police conduct, whereas many misunderstandings of police tactics have been cleared up and explained. This has also generated more trust towards the police, since the public now has a channel in which it can relay information regarding incidents where the police did not operate appropriately, and thereby giving them a chance to relay back that they were not satisfied with the service. Hearing these remarks makes for a stronger police in the long run.

- 2. An example of social media use - „A traffic contract – Let’s do it together“.** “The contract” is a project that depends more or less on the use of social media. The project was launched via the RMP’s Facebook site where it advertised for people to participate in this project. More than 40 people applied, of which 14 were picked out. These 14 members of the public form the traffic body, a committee of sorts, in charge of writing the traffic contract. A website was created, but also a Facebook group where the traffic body can crowd source information regarding what we, the community, feel is good and positive behaviour in the traffic.

In relation to this contract, the most important criteria have been diversity (age, gender, profession) and cross-sectoral origin. Members of this group have been for instance the head of the automobile club, the head of the bicycle lobby as well as regular citizens and pedestrians.

The ways in which the citizens worked together in the process of writing the traffic contract was for example through face-to-face meetings to work out the traffic agreement, or by using social media. The work of the traffic body was facilitated by the chief police officer. After finalization, it was presented to the press during an official ceremony. Since then, every ‘new’ driver is offered to sign the agreement. The agreement is also part of the teaching material to acquire a driving licence. Anybody is free to use the text. There is no official logo from the police on it.

The vision is to further increase the access to the police for citizens. One objective is to extend the telephone availability in order to deal with more requests. Moreover, a new social media platform has been added. One objective of these new measures is to streamline the work and to better divide the work between different services. A general e-mail contact address (info@...) has been introduced in order to relieve the pressure from middle management to answer to most of the e-mails. The procedure now is that all e-mails first go to a general e-mail

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|  | <p>address and are read by the social media expert, who decides which ones will be forwarded to middle managers. Only 10% of the mails are now forwarded to middle management.</p>  |
| <b>Resources needed</b>                    | <p>At the beginning, two persons managed the social media accounts alongside other tasks. When more people were asked to take part, ten additional people were added to the administrator group also alongside other tasks. After a 6 months' trial, 12 tablets with a wireless internet connection were purchased.</p> <p>In June 2012, a full time employee was transferred to run and oversee all the aspects of the social media project, which was planned as a trial period lasting until December 2013. In 2015, the aim is to hire a second full-time employee. The costs in terms of technology are estimated as being rather low. The other extra hours related to the project are allocated to 5-10 employees of the organization. The extra work is compensated with boni or time off. This extra work is integrated in the salary structure. Hardly any training costs are linked to this project. The employees engaged in this project have been selected according to their profile, competencies and interests matching with the skills required in the project.</p>   |
| <b>Transferability and success factors</b> | <ol style="list-style-type: none"> <li><b>1. Contact between command centre and citizens.</b> The transferability and learning capacity of using and implementing social media in police work is very high: many other police institutions within European countries could use this knowledge. However, the replication is not only limited to the police, but could also be used with other types of organisations and activities, e.g. as tools for the direct involvement of citizens in decision making at the local, regional and national level. There was a favourable cultural context within the Icelandic Police.</li> <li><b>2. Use of digital tools.</b> In hindsight, one of the interesting sides of the project and probably one that has made it successful is that social media was used to enhance other aspects of policing; to improve service and to enhance the public's perception of visible policing. It was not put into place to act as a substitute or to replace other types of services, but rather to give the police more tools to do their job in a more efficient way. Indeed, it is not sufficient to try innovative ideas, they must be put in a particular structure in order to provide a steady and flexible service, so that the latest developments in social media are taken into account. Even though Facebook is currently the biggest medium in the social media project, it will probably not be around forever. Exactly for that reason, a full time position was created to run the social media outfit, both to manage it from day to day but not least to keep an eye open for other possibilities that might be out there. Although a vast majority of citizens are receptive to police using digital tools, not all have the habit of using online tools themselves. To advance the use of digital tools, police forces may have to inform their citizens about how to use them.</li> <li><b>3. Support and commitment from leadership</b> is one of the most mentioned factors for success across the initiatives. This does not necessarily imply that innovation happens top-down, but that, at some point, the buy-in and support from the organisational leadership is required to set the stage for the wider adoption of whatever</li> </ol> |

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|   | <p>innovative practice is to be implemented. A crucial factor in the "Police and Social Media" project was the fact that the head of the RMP, the police chief, was a turning force behind the project and so deeply embedded from the start.</p>  |
| <b>Linkages to HRM and PSD bundles</b>              |  |
| <p><b>PSD5 Collaborative &amp; digital work</b></p> | <ol style="list-style-type: none"> <li data-bbox="584 341 1986 710"> <p><b>1. Use of social media as an important part for the organization.</b> New technologies, relevant online and social technology adaptation and participative webs and platforms have a crucial role to play in improving public service delivery. Communication is extremely important for the police and the citizens it serves. What also makes direct access to the general public so important for the police is the fact that the media selects what is reported, often leaving out more positive stories and focusing on negative events instead. Applying this to better access of the media to the police, more coverage related to crimes can result in a growing fear of crime. Using social media is therefore extremely important for the organization, since it creates the opportunity to better manage what material is sent out, in what order and how a dialogue with the public is being maintained. Another factor is that this is far from being a one way street since the public can also engage with the police in the same sense, ask questions or ask for specific assistance (e.g. requesting speed enforcement in specific streets).</p> </li> <li data-bbox="584 710 1986 1383"> <p><b>2. Use of social media as an important part for the public.</b> The public can also use social media to complain and ask for clarifications regarding general police tactics, or in connection with specific incidents. Part of this is of course being able to show that the RMP is far from being afraid to openly discuss its work, ready to take the general public's criticisms and praise in order to learn from criticism.</p> <p>Social media has opened a porthole in which these dialogues can take place. This gives the public an opportunity to speak to and hear from its police force, which creates a stronger relationship. The RMP uses its social media accounts to engage with the people it serves. The social media is both a cost-effective way of community policing and one of the key points for building trust between the police and the public.</p> <p>By using social media tools, the RMP were able to do more with less. On the one hand it gave the police the opportunity to maintain a dialogue with a larger public, to manage the material that is sent out etc. and on the other hand it gave the public the opportunity to engage with the police by asking questions or specific assistance. Above all, an approach has been used where volunteers or existing personnel could take part in speaking on behalf of the organisation, in a short response time, free of traditionally bureaucratic ways.</p> <p>Using the social media tools to access the public and give the public better access to the police is a highly innovative programme. In combination with budgetary restrictions and therefore a reduced police staff, the security perceptions of the citizens have been fulfilled or at least not reduced. The police now reach a trust level of 82% from the population in Iceland towards them. That is the highest level the police has seen from the beginning of this measurement 20 years ago.</p> </li> </ol> |



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|  | <p><b>3. Enhance the security and the feeling of security.</b> The case demonstrates a serious response to the challenge to enhance both the security and the feeling of security without the possibility to increase the visibility by having more officers out and about. It is also a serious answer to the general tendency that media often focus only on the negative events. The project has been run by existing personnel and volunteers who offered to take part in the social media project. It has a high benefit for both the citizens and the police, as the interaction via social media informs citizens in time and allows including citizens in police work. The programme has been enlarged step-by-step based on recognised needs.</p> <p>The common collective work purpose gave them the freedom to speak and reply in accordance with the philosophy of the project, and more importantly without having to go through the regular chain of command. In many ways this has been critical for the project's success, since the police usually have very strict guidelines as to whom, why and when the police will speak publicly and to the media. All members were told that they had the fullest trust of the police commissioner to use their best judgment in replying on behalf of the institution.</p> |
| <p><b>Linkages with other PSD bundles</b></p>                                | <p>In the case description above there have already been made direct references to different PSD bundles. Below are mentioned in brief linkages in PSD1, 2 and 3.</p> <p>The example is a good illustration of sense making relating to <b>PSD2 Sense making</b>, as the hired citizens have explored and scanned issues relating to citizens' behaviour in the traffic, which is used by the police for improved measures.</p> <p>The "contract" is also based on the management of knowledge which relates to <b>PSD3 Knowledge Management</b>, which is provided by the community and crowded via Facebook.</p> <p>Furthermore, the case uses practices in link with <b>PSD1 Open innovation culture</b>. At the beginning of the success stories, several persons take a risk to set up the first Facebook account.</p>   |
| <p><b>Interaction with other components of the Innovation Capability</b></p> | <p>In the above case description, there have already been made direct references to different HRM bundles.</p> <p>The HRM 'pair' of PSD5 relates to the <b>HRM5 Flexible work design</b> in which trust and social capital are essential elements to facilitate innovation. Flat hierarchy, minimal formal authority, minimal standardisation and informal coordination are all important factors to ensure a fast development of organisational knowledge creation. The HR bundle fostering flexible work design includes <b>empowerment of employees, decentralisation, team and process oriented organisation, co-working</b> etc.</p>   |

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|   | <p>This also relates to <b>HRM2 Innovation-supporting leadership</b> and <b>HRM4 Organisational commitment to innovations</b>, in particular the sub-bundle <b>Delegation and Empowerment oriented leadership</b> and <b>Collaborative and distributed leadership building</b>.</p>  |
| <p><b>Other additional linkages</b></p> | <p>The case analysis has focused on the linkages to PSD5 and the mirror effect with HRM5. However there are also linkages to other bundles which are briefly listed below:</p> <p><b>PSD bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>PSD1</b>(Promote and manage a risk culture)</li> <li>• <b>PSD2</b> (Collective observation and discussion of the current situation, Ensure learning from actions, develop a shared understanding of the situation to enable collective action)</li> <li>• <b>PSD3</b>(Collecting stakeholders’ knowledge (citizens community, etc.), Accessibility of public information and knowledge)</li> <li>• <b>PSD4</b> (Openness and coproduction)</li> <li>• <b>PSD5</b>(Team work and organizational agility)</li> </ul> <p><b>HRM bundles:</b></p> <ul style="list-style-type: none"> <li>• <b>HRM2</b>(Delegation and empowerment oriented leadership, Transformational leadership building, competency to innovation)</li> <li>• <b>HRM4</b> (Collaborative and distributed leadership building)</li> </ul> |

## ANNEX 7 - Bibliography

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