

Innovation in the Irish public sector

CPMR Discussion Paper
37

Innovation in the Irish public sector

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First published in 2006
by the
Institute of Public Administration
57-61 Lansdowne Road
Dublin 4
Ireland
in association with
The Committee for Public Management Research

www.ipa.ie

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British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library.

ISBN-13: 978-1-904541-52-3
ISBN-10: 1-904541-52-6
ISSN: 1393-6190

Cover design by Creative Inputs, Dublin
Typeset by the Institute of Public Administration
Printed by ColourBooks Ltd, Dublin

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FOREWORD

This paper is the thirty-seventh in a series undertaken by the Committee for Public Management Research. The Committee is developing a comprehensive programme of research designed to serve the needs of the future developments of the Irish public service. Committee members come from the following eight departments: Finance; Environment, Heritage and Local Government; Health and Children; Taoiseach; Transport; Communications, Marine and Natural Resources; Social and Family Affairs; Office of the Revenue Commissioners and also from Trinity College Dublin, University College Dublin and the Institute of Public Administration.

This series aims to prompt discussion and debate on topical issues of particular interest or concern. The papers may outline experience, both national and international, in dealing with a particular issue. Or they may be more conceptual in nature, prompting the development of new ideas on public management issues. They are not intended to set out any official position on the topic under scrutiny. Rather, the intention is to identify current thinking and best practice.

We would very much welcome comments on this paper and on public management research more generally. To ensure that the discussion papers and wider research programme of the Committee for Public Management Research are relevant to managers and staff, we need to hear from you. What do you think of the issues being raised? Are there other topics you would like to see researched?

Research into the problems, solutions and successes of public management processes and the way organisations can best adapt in a changing environment has much to contribute to good management, and is a vital element in the public service renewal process. The Committee for Public Management Research intends to provide a service to

people working in public organisations by enhancing the knowledge base on public management issues.

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General information on the activities of the Committee for Public Management Research, including this paper and others in the series, can be found on its website: www.cpmr.gov.ie; information on Institute of Public Administration research in progress can be found at www.ipa.ie.

ACKNOWLEDGMENTS

This study on *Innovation in the Irish Public Sector* could not have been completed successfully without the active support and co-operation of officials in a number of public service organisations. Special thanks are due to Kevin O'Neill, Registrar, (The Courts Service, The Commercial Court); Sean Sheridan (Director of Corporate Services, Donegal County Council) and Tony Kieran (Project Manager, the Donegal Integrated Services Delivery Project); Frank Daly (Chairman, The Office of the Revenue Commissioners); Joe Horan (County Manager, South Dublin County Council); Peter Ryan (Assistant Secretary, Department of An Taoiseach) who provided wholehearted support to the in-depth case-study analysis of their respective organisations. In addition, the information provided by Dave Ring, Teresa Lowth, John Dolan (Centre for Management and Organisation Development (CMOD), Department of Finance), Noreen O'Mahony and Eamonn Molloy (Department of Communications, Marine and Natural Resources), proved very helpful.

Responsibility for the content of the paper, however, rests with the author.

Orla O'Donnell
October 2006

EXECUTIVE SUMMARY

Introduction

Innovation is a widely used term, but one that seems to give rise to ambiguity in a public sector context. In part this occurs because there is a myriad of definitions on innovation applying to business models but few specifically defined for a public sector context and, secondly, the parameters for implementing innovation in a public sector context are quite different to those operating in the private sector. As Mulgan and Albury (2003) suggest, successful innovation is 'the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes efficiency, effectiveness or quality'. To achieve this outcome, a number of critical factors require to be put in place, as outlined in Chapter six.

Research overview

This study attempts to assess the critical factors necessary for public sector organisations that are implementing innovation programmes. The research also identifies the critical steps and cultural change needed of government departments and public sector organisations in order to benefit more effectively from, and develop, innovation potential. The study also seeks to provide a useful guide to organisations undertaking innovative initiatives by learning from good practice case studies included in the study. The major challenge for the public sector is to develop a culture of innovation, to move from ad hoc initiatives to developing a comprehensive strategy for innovation underpinned by funding arrangements, by leadership from senior management and by reward for managers who lead by example, drive innovation and provide support for staff when they encounter project success and failure. The development of a reward system for innovators should percolate specifically through the PMDS system. The need for this has been given further impetus by the proposed linkage of the PMDS and Performance Related Pay (PRP). The roll-out of the decentralisation programme and further developments in the human resource management, financial management and knowledge management areas

will also shape the innovation agenda in the public service over the coming years.

Key action learning points

Based on the evidence from the case-study organisations reviewed in this study, a range of action learning points emerge relative to innovation. These action points can act as a guide with which to develop specific organisational initiatives:

1. Innovation needs to be driven by senior management and supported by management in times of success and failure.
2. A feasibility study of innovative projects should be undertaken at the outset to ensure core-funding. A consultation programme with stakeholders should also be conducted to ensure effective implementation.
3. Encouragement of innovation reward schemes or exceptional performance awards at all levels will engender an innovative culture in the organisation.
4. Further develop PMDS to encourage innovation and change by linking it to PRP and provide promotional opportunities, by ensuring line managers identify staff in their sections for future promotions, and, moreover, provide for additional annual increments to exemplars of innovation.
5. Develop a comprehensive, rather than an ad-hoc approach to innovation across the public sector through a systemic Practitioners' Forum for innovators, change managers, who are developing or implementing innovative initiatives across the public sector. Confidentiality is paramount to development of the Forum, to provide a safe environment for practitioners to discuss successes and failures in the development of innovative projects and initiatives. The suggestion for a Practitioners' Forum originated from the Revenue Commissioners and was supported by all organisations interviewed. Key informants suggest this forum should be outside of funding bodies or departments and be more a practical exchange of information and knowledge-sharing rather than a policy think-tank.
6. Establish innovation indicators for organisations to meaningfully compare innovation across the public

sector. Existing performance or service indicators do not provide a sound basis for comparison of the extent of innovation undertaken in organisations, nor do they meaningfully provide a true comparison of one organisation to another. There is a need for an assessment mechanism which would aim to measure the extent of innovation in the public sector. It would classify and apportion a weighting scale of accrual of efficiencies which could then be used by central departments when evaluating proposals submitted to them.

7. Structural obstacles and the cultural challenge should not be underestimated. Development of a supportive entrepreneurial and innovative culture, where successful innovation is rewarded and management supports individuals in times of failure, will enable lessons to be learned without individuals who take risks being undermined. Perhaps a risk neutral attitude should apply to innovative project development in the public sector as opposed to the prevailing situation of a risk averse attitude?
8. It is important to acknowledge that innovation is costly. It is necessary to allow teams to pull back to an extent from activities at the 'coal-face' to provide time and space to develop new projects. Dependent upon the organisation, innovation occurs organically within the organisation, with the use of cross-functional teams, work flexibilities, reward schemes and various incentives. In some organisations a small full-time organisational development resource works with different parts of the organisation to examine issues of concern in an objective way and identify opportunities for innovation.
9. Similarly, it is important to invest resources in regular technology scans to keep abreast of technological developments and identify opportunities for the organisation.

Concluding remarks

This study has sought to enhance understanding in relation to innovation in the public sector and also to provide lessons from initiatives implemented to date in the Irish public sector. 'What we need now is the entrepreneurial imperative. Innovation has to be the end in itself if we want

to survive. It's not sufficient any more to see innovation as a means to an end. It has to be built into everything we do' (Professor Klaus Schwab, Founder and executive chairman of the World Economic Forum cited in Marc Coleman's article in *The Irish Times*, Friday, May 12th, 2006). The challenge now for the public sector is to develop an innovation culture underpinned by a comprehensive innovation strategy, to provide a supportive environment to develop 'enterprising leaders' for the modern public sector rather than 'loose cannon-balls'.

Organisational innovation in the public sector

1.1 Background

This study examines the extent to which innovation leads to organisational change in a dynamic environment. Engendering an innovation culture leading to greater organisational flexibility is of particular interest in the light of the modernisation programme within the public sector. 'Innovation is not about the technology itself. It is more about how we adapt our organisations, workplaces, and places of learning to build a better future for our people. And technology is a key enabler in this process. But in a world where the pace of technological change never stands still, it takes both courage and ambition to drive and implement change' (Ahern, 2006). A review of comparative international practices in both the public and private sectors is proposed. Recommendations for the identification of appropriate responses that need to be developed within the public sector in order to encourage innovation will also be considered.

1.2 Public sector context

'As structures, processes and people in the Ontario Public Service have become better connected, the seeds of an innovation culture have been sown more widely and have taken root across the organisation. More people are moving from an "if only" attitude to a "what if" capacity – generating new ideas for ongoing strategic reform in the 21st century' (Ontario Public Service, 2002). *The Ontario Framework for Action* (1997) provides a good basis of how the development of an innovation culture within the public service leads to greater capacity-building and organisational resilience to meet the challenges of the dynamic environment. As

suggested by Hamel (2001), even though organisations acknowledge the value of innovation, there are evident gaps between theory and practice. Similarly, an independent assessment of innovation in central government in the United Kingdom conducted by the Public Policy Group of the London School of Economics on behalf of the National Audit Office reiterates this point. The assessment report found that the primary benefit of applied innovations within central government is in enhancing productivity, as well as contributing to improving effectiveness. It is suggested that central departments should incorporate innovation objectives in both the new Capability Reviews of departments and strengthen further the comprehensive spending reviews process (NAO, 2006). Similarly it is important to assess the innovation dynamics necessary in the Irish public sector to support greater organisational resilience. There is a need to examine the role of innovation in the context of the public sector given the significant challenges currently being faced and the greater need for organisational resilience in an ever-changing environment.

1.3 Agreed terms of reference and study approach

The following terms of reference were adopted for this study:

- A review of the key concepts of organisational innovation and their implications for the public sector.
- An examination of approaches and practices currently in operation in the public and private sectors both nationally and internationally.
- An initial identification of lessons learned and appropriate approaches to encourage effective innovation in the Irish public sector within the context of a rapidly changing external and internal environment.

A literature review was conducted of national and international material on innovation culture and organisational flexibility. The lack of published research in this area nationally means that it was first necessary to undertake secondary research to identify the current innovative developments taking place in the public sector, to identify the key features and structures that provide the context for implementing and diffusing innovation. A range of sources of data was examined to construct this picture, including: official Government policy documents; government departmental publications; local government publications (e.g. corporate plans, managing change documents, organisational development plans and charts); international government documents (e.g. UK Cabinet Office, Government Publications in the Netherlands, Ontario Public Service, Canada); speeches and press releases (e.g. trade unions, politicians, top management); critiques of previous and ongoing reform initiatives here and abroad, internal public sector management consultancy documents and private sector examples (Harvard University Studies, IBM). In order to develop an interview framework to guide the research process at this level, secondary data was reviewed and analysed to establish the approach being taken to implementing innovative reforms and the views of top management as to the rationale for this approach.

Interviews were held with a number of individuals in a cross-section of public and private sector organisations. Innovative examples of good practice were examined in a number of case studies chosen from departments, agencies and a local government setting. In combination, this evidence provides a sound basis for identifying potential ways forward to encourage and support innovation in the Irish public sector.

1.4 Report structure

Following this introductory chapter, the structure of the report is as follows:

- *Chapter Two* reflects on a number of key themes from the literature on innovation and clarifies what exactly is meant by the term ‘innovation’ in a public sector context. The chapter also presents Halversen’s (2005) types of innovation in the public sector which will be used as a framework in subsequent chapters to reflect on the experience in the Irish public sector.
- *Chapter Three* reviews issues and developments in relation to implementation of innovation in a national context and explains the role of innovation funding in supporting the process.
- *Chapter Four* outlines a number of international developments in terms of innovation and how governments in other countries are progressing innovation as a central component of their public sector modernisation agendas.
- This is followed by a discussion in *Chapter Five* of the major issues emerging from discussions with senior personnel in a number of departments and public sector organisations who have been proactive in implementing a range of innovation projects. The chapter also explores lessons from the private sector in terms of driving the agenda forward.
- Finally, *Chapter Six* develops conclusions and recommendations to guide public sector organisations developing innovative projects.

Detailed supporting material is reported in the Appendix and Notes. A full bibliography is provided.

Defining organisational innovation

2.1 Introduction

Innovation is regarded as increasingly important, primarily because it is taken to be a key indicator of how successful organisations are resilient to more rapidly changing and complex environments (Thompson and McHugh, 2002, p.253). Innovation is a widely used term, but one that seems to give rise to ambiguity in a public sector context. In part this occurs because there is a myriad of definitions on innovation applying to business models but very few specifically defined for a public sector context and, secondly, the parameters for implementing innovation in a public sector context are quite different to those operating in the private sector.

2.2 What is organisational innovation?

As noted in the working paper of the Canadian Centre for Management Development's Action Research Roundtable on the Learning Organisation (2000), one of the main challenges of analysing innovation is the lack of consensus about what the term means.

Borins (2000) notes that the academic literature on innovation distinguishes between invention, the creation of a new idea, and innovation, the adoption of an existing idea for the first time by a given organisation (see Rogers, 2003). There are also numerous definitions of innovation in the management literature, broadly based around the theme of a change in processes or technology that creates value for the customer or organisation. The definitions distinguish innovation as being more than mere change or novelty. Halvorsen et al (2005) define innovation in a broader sense as 'changes in behaviour'. They note that there is no one

authoritative definition of innovation given that the meaning of innovation has been under constant evolution. The earlier definitions of innovation, for example Schumpeter's (1934), limited themselves to novel products or services in the private sector. Later definitions took a broader context, to include social innovations (organisational, institutional, and political), innovations in services, and also innovations in the public sector. Koch (2005) suggests that innovation 'is a matter of making use of learning, i.e. using your competence base as the foundation for finding new ways of doing things in a manner that improves the quality and efficiency of the services provided'.

Halvorsen et al (2005) suggest that in studying innovation in the public sector, 'one has by the outset removed oneself from the narrowest interpretations of innovation'. Similarly, given the difficulty in measuring value in the public sector, Bartos (2002) sets out a definition of innovation appropriate to the public sector: *Innovation is a change in policy or management practice that leads to a lasting improvement in level of service or quantity or quality of output by an organisation.*

Mulgan and Albury (2003) in a UK Cabinet Office Paper entitled *Innovation in the Public Sector* found that:

- The majority of innovations are *incremental* in nature, involving relatively minor changes to existing services or processes. The paper states that on their own, 'they rarely change how organisations are structured or the relationships and dynamics within or between organisations. But they are crucial to the relentless pursuit of improvement in public services, to the tailoring of services to individual and local needs, and to value-for-money'.
- Less frequently *radical* innovation occurs, new services are developed or fundamentally new ways of organising

or delivering a service are established (on-line tax returns, distance learning). 'Organisations that generate or adopt these innovations may achieve marked improvement in performance in relation to others in their sector, may have significantly different modes of working and can alter the expectations of customers and users, but the overall dynamics of the sector remains unchanged'.

- *Systemic or transformative* innovations occur from time to time and are driven by the emergence of new technologies (e.g. ICT, electrification), which transform sectors, giving rise to new workforce structures, new types of organisation, new relationships between organisations and steep change in overall performance. Systemic innovations can also be driven by changes in mindsets or new policies. They entail constructing different relationships between users and services, new institutions and relationships between institutions, new funding regimes, major alterations in governance and accountability, and, not infrequently, a redistribution of rights and responsibilities among the public, managers and professionals'.

Thompson and McHugh (2002) indicate that 'the main priority for management strategy is to create the conditions, institutional and cultural, for sustainable innovation through self-generating processes and learning mechanisms in the workplace' (p.253). Walker (2003) notes that innovations are rarely the product of individual efforts or the reaction to an isolated event. 'The research evidence indicates that innovations emerge through periods of initiation. The initiation of an innovation typically involves three stages: gestation, shocks and triggers and resource plans'.¹ Golden, Higgins and Hee Lee (2003) found that national systems of innovation are responsible for innovation primarily through the creation and application

of new knowledge (i.e. the commercialisation of innovation or as it is better known, *entrepreneurship*). Borins (2000) conducted an analysis of best applications in terms of innovations for the American Government Awards Program to see whether they fit the image of public management innovators as loose cannons and rule breakers, or the counter-image of enterprising leaders. The findings suggest that public-management innovators are *enterprising leaders taking astute initiatives* rather than loose cannons, rule breakers, self-promoters, power politicians and manipulators of public authority for private gain (Borins, 2000).²

Bartos (2003) says that innovation is difficult in any organisation, but particularly in the public sector. 'For both ministers and bureaucrats, innovation carries high risks. If a new approach to policy or administration is adopted and fails, there will inevitably be criticism – and in the case of a failed initiative, this is perhaps understandable. Unfortunately, the reverse does not apply to a successful innovation. More often than not the responsible minister or agency is criticised for not having implemented the innovation sooner or for having done so in the wrong way' (p.9). Borins (2002) found that the most frequent impetus for innovation was internal problems rather than crises. 'The relative infrequency of crisis-driven innovation, however, suggests that crises are not a necessary condition for public-sector innovation. Innovators are more likely to respond to internal problems before they reach crisis proportions or take advantage of opportunities, such as the availability of new information technology' (p.502). Koch (2005) states that 'the idea that any innovator or entrepreneur is solely driven by the urge for profit is clearly too simple and naïve. Both public and private employees are driven by much more complex motivations than that'.

The UK Cabinet Office discussion paper, *Innovation in the Public Sector* (2003), highlights the findings of a survey conducted by Borins (2001) on public sector innovation.

The survey (2001) found that innovation is initiated by front line staff and middle managers (50%), is not a response to a crisis (70%), cuts across organisational boundaries (60%) and is motivated more by recognition and pride than financial reward. 'Arguably, those innovations which are a response to crisis, manifest failure, or awareness of potentially acute problems have tended to be organisational in nature, rather than process or service innovations. The creation of the Food Standards Agency or the Financial Services Authority, the re-organisation and melding of the benefit and employment systems, and the setting up of Primary Care Trusts are all responses to problems with the systems they replaced' (UK Cabinet Office, 2003).

2.3 Types of innovation in the public sector

Halversen et al outline several types of innovation in the public sector (see Table 2.1). They condense these further into three types of spectrums:

- *Incremental innovations to radical innovations* (denotes the degree of novelty, incremental improvements of already existing products, processes or services);
- *Top down innovations to bottom-up innovations* (denotes who has initiated the process leading to behavioural changes, 'the top' meaning management or organisations or institutions higher up in the hierarchy; 'bottom' meaning workers on the factory floor, public employees, civil servants and mid-level policy makers);
- *Needs led innovations and efficiency-led innovations* (denotes whether the innovation process has been initiated to solve a specific problem or in order to make already existing products, services or procedures more efficient).

Table 2.1 Types of innovation in the public sector

Type of innovation	Example
A new or improved service	Health care at home
Process innovation	A change in the manufacturing of a service/product
Administrative innovation	The use of a new policy instrument as a result of a policy change
System innovation	A new system or a fundamental change of an existing system by establishment of new organisations/new patterns of co-operation and interaction
Conceptual innovation	A change in the outlook of actors; such changes are accompanied by the use of new concepts, e.g. integrated water management
Radical change of rationality	The world view or mental matrix of the employees of an organisation is shifting

Adapted from source: Halversen et al (2005)

Mulgan and Albury (2003) further acknowledge that three types of innovation (incremental, radical and systemic) can originate at different levels: (local, cross-organisational, national) resulting in government departments having three inter-related policy roles with respect to innovation:

- policy innovation: new policy directions and initiatives;
- innovations in the policy-making process;
- policy to foster innovation and its diffusion.

There is also a vital distinction made in the UK Cabinet office discussion paper between ‘*top-down*’ innovation where specific change is driven through the delivery system by prescription, regulation and support and ‘*bottom-up*’ innovation where government enables and facilitates the development and *diffusion* of an innovation which originates in an organisation or network within the delivery

system'. Rogers (2003) defines diffusion as 'the process by which (1) an innovation is (2) communicated through certain channels (3) over time among (4) the members of a social system'. The four main elements are the innovation, communication channels, time and the social system (Rogers, 2003). It is noted in the literature that a focus on the mechanisms and processes by which innovations are implemented and adopted or adapted by other organisations (diffusion or dissemination) is as important as focusing on the origination and generation of innovation. (Mulgan and Albury, 2003)

It is noted by the Mulgan and Albury (2003) that in the private sector the main motivation for innovation is the need to maintain or increase profitability. This provides an incentive to innovate to reduce costs, create new products and services and improve market share. The public sector has parallel motivations but *value* in the public sector is more complex and difficult to measure, includes quantifiable outcomes (less crime, poverty) and has softer outcomes (quality of services, trust between service providers and users).

2.4 Why is organisational innovation beneficial?

The Mulgan and Albury discussion paper (2003) notes that 'there is a widely held assumption that the public sector is inherently less innovative than the private sector. Imputed reasons include a lack of competition and incentives; a culture of risk aversion and bureaucratic conservatism; a workforce which is unresponsive to, and unwilling to change'. However, the paper suggests that there has been a strong history of public sector innovation in the UK, for example, new teaching practices to new organisational structures (NHS, BBC) to major infrastructure developments (Joint Academic Network (JANET) in higher education) and stimulus for fundamental technological breakthroughs like the Internet.

Research on private sector innovation has indicated that there are a number of conditions that affect the inventiveness of organisations; these include: the structure of the sector (e.g. nature of competition, degree of market concentration, regulation); management (e.g. degree to which innovation is a formal goal, ability to create space for innovation, focus on outcomes); rewards (e.g. bonuses, property rights, recognition) and culture (e.g. attitudes to risk, learning from failure, encouragement of radical thinking) (Mulgan and Albury, 2003).

Walker (2003) emphasises that ‘the stress on innovation as a mechanism for public service improvement is well founded: empirical evidence indicates that high-performing organisations are those which innovate’.³ Walker (2003) outlines a number of *key issues in the management of innovation* that could be of use to public service organisations; these include the management of innovative cultures; management of people; implementation strategies; sustaining innovation through leadership; management strategies; flexibility in implementation.

2.5 How are innovations introduced and spread in the public sector?

Having analysed financial reforms since the 1980s which underpinned the ability of Australia’s government to foster a more innovative and flexible approach to resource management, Bartos (2003) suggests that successful innovation is not a one-off effort but needs to be accompanied by review, fine-tuning and correction of past mistakes. Having analysed innovations in the Australian public sector, he found that a change of government provides an important opportunity and stimulus to innovation. But he also found that innovation is not simply explained by the desire of a new government to stamp its mark on the public sector, there is a multitude of ideas for innovation available to a new government (policy advisers, the bureaucracy, consultants, lobby groups etc) but he

questions what causes one specific change to be adopted over another? He argues that when all the following *core elements* apply there is a high likelihood that some major innovation in the public sector will be successfully implemented:

- a coherent idea with credible theoretical underpinning;
- political impetus for adoption of that idea;
- bureaucratic capacity and willingness to implement the change;
- high profile and committed advocates for the innovation at either or both of the political and bureaucratic levels; and
- a reason for change that cannot be ignored for reasons of either political imperatives or national interest (p14).

He also suggests that it is vital to manage the risks but also to acknowledge that there can be risks from not innovating. 'In a fast moving world, it is easy for any organisation to be left behind by developments in not only technology but in processes and policies. In the private sector, firms that are left behind are generally sorted out by competition. In the public sector, a failure to keep up with the environment can have less immediate consequences, but no less dangerous ones for public confidence in government and the public service' (p.13). He suggests that the standard tools of risk management should be applied to identify the types of risk faced, their likelihood and consequences. He recommends that the managers responsible for the innovation consider those risks and systematise their management through either a standard likelihood/consequences matrix or a recognised risk management tool. Walker (2003) concludes that 'overall, organisations need to recognise the management of innovation as a complex process and although innovation should lead to service improvement, it might not necessarily

run smoothly' (p.101).

Halversen et al (2005) suggest that if you take a narrow definition of innovations you would expect that innovations would be transferred from the private sector to the public sector. This may hold in many instances, but when using a broader context of what defines innovation, innovations are also generated within the public sector itself. Examples cited of how innovation is introduced into the public sector is through technology procurement; technology development; bureaucratic and organisational reform and new policies. They examine how innovations spread in the public sector when the pecuniary interests of individuals or groups of stockholders are missing. They suggest several factors that create a top-down or external innovation push and, alternatively, factors or circumstances within the public sector itself creating an innovation pull. These factors are summarised in Table 2.2.

Table 2.2 Push/pull factors for innovation

Push factors	Pull factors
Policies and political targets (fixed interval elections, political programmes (creativity, innovations))	User needs and preferences
Popular opinion (media, citizens' expectations, feedback loops into innovation)	Organisational overstretch or frustration with status quo
International agreements, laws, regulations and standards (supranational bodies-globalisation – WTO,IMF,EU)	Lobbyism
Technological and scientific development	Technological interdependencies
Societal developments (demographics, migration, economic growth/developments/crises)	

Adapted from source: Halversen et al (2005)

The public sector is viewed as bureaucratic in terms of being slow moving, rigid, a hierarchically organised system

with specialised departments that are directed towards concrete targets and have ambiguous defined limits of authority. This bureaucratic system is perceived as time-consuming, oversized and expensive (a waste of taxpayers' money) (Halversen et al, 2005). Turnbull (2005) notes that 'an excessive sense of hierarchy means people move slowly up the organisation, being promoted when the organisation is ready rather than when they are ready to take on greater responsibility. There are issues of culture: speed of reaction and ability to innovate, a focus on process rather than outcome'. Therefore, if bureaucracy in a negative sense exists in the public sector, this points to the structure of the organisation being a problem.

Halversen et al suggest that administrative innovation would be a preferable solution (See Table 2.1) 'as it may create better structures for absorbing policy learning and technical innovation'. Also it has been suggested that the 'bureaucratic' system might be institutionalised in the 'organisational way of doing things' and that this in itself might be a barrier to innovation.⁴ Halversen et al (2005) emphasise that institutions are not static, but transformed through continual processes of interpretation and adaptation. Institutions develop considerable robustness against changes in the environment and explicit reform efforts through this institutional autonomy and internal dynamics. They suggest that incentives for change are institutional rather than political-rational. 'The participants enter the organisation with individually shaped ideas, expectations and agendas, different values, interests and abilities. The institutions absorb some of these individual interests and establish criteria by which people discover their preferences. If the participants do not agree on these preferences they might choose to exit the organisation. In that way the institutions get further institutionalised instead of radically changed' (Halversen et al, 2005, p.10). Because of this Halversen et al (2005) say that innovation in the public sector is perceived to be forced upon the

organisation from the outside. Political change is often associated with policy entrepreneurs, political interventions, and technical innovation with innovative champions. However, personal incentives such as power, status, improved promotional prospects and salary provide a stimulus to innovate within the public sector as in the private sector. See Table 2.3

Table 2.3 Incentives for innovation

Public sector/individuals	Private sector/individuals
Prestige	Prestige
Self-fulfilment	Self-fulfilment
Professional for spin-off business	Idealism
Idealism	Career
Career	Power
Power	Money (salary, profits, bonuses)
Money (salary)	Job security (enhanced company competitiveness and profitability)
	Imposed requirement
Public sector/organisations	Private sector/organisations
Problem solving (in order to reach objectives)	Problem solving (in order to reach objectives)
Increased funding	Profits
The propagation of a policy, idea or rationality	Market-shares
More staff	Pre-empt competition
Public relations	Growth (in size)
	Public relations

Source: Halversen et al (2005)

Having reviewed the literature on innovation, the definition of innovation that is most appropriate and meaningful in a public sector context is outlined in a Mulgan and Albury (2003) discussion paper entitled *Innovation in the Public Sector*, which defines successful innovation as ‘the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes

efficiency, effectiveness or quality'. Within the public sector the various types of innovation were outlined in Table 2.1 and the three most appropriate to this study include a new or improved service, system innovation and conceptual innovation. The literature also cited incentives and barriers in the development of an 'enterprising culture' to deliver successful innovation in the public sector. These conceptual underpinnings will be further explored in a national context in the case studies and key informant interviews.

Innovation in a national context

3.1 Introduction

The extent of innovation which occurs in an economy depends on decisions about the allocation of resources, that is, on investment decisions or strategies (Schumpeter, 1934). These decisions and strategies are underpinned by knowledge, learning and development to generate greater innovation, efficiencies, competitiveness, growth and prosperity in the economy (O'Sullivan, 1998). The Taoiseach, Bertie Ahern TD, acknowledged in a recent speech that, as a small open economy, Ireland has benefited from considerable added value by exploring the potential of information and communication technologies (ICTs); by coupling innovation with adapted business processes and organisational structures underpinned by a flexible and open education system to develop the skills and expertise needed to drive innovation. 'Innovation is not about the technology itself. It is more about how we adapt our organisations, workplaces, and places of learning to build a better future for our people. And technology is a key enabler in this process. But in a world where the pace of technological change never stands still, it takes both courage and ambition to drive and implement change' (Ahern, 2006).

3.2 Examples of national innovative developments

The Budget (2006) set out a multi-annual investment programme for the third level education sector, with funding of €1.2 billion being allocated for this purpose over the five year period 2006-2010. Of this, €300 million is allocated for a new Strategic Innovation Fund, €630 million for Exchequer capital investment and €270 million for PPP

projects. Brady (2005) suggests that this initiative on third-level funding should prove as historically significant as the earlier work of Hillery and O'Malley in education. He acknowledges that this investment commitment in the Budget to the establishment of Fourth Level Ireland will see major investment by government in the promotion of research and innovation in the Irish higher-education sector over the five year period. 'Knowledge is and will continue to be the key to Ireland's future; the new Ireland we are working together to create will be a society and economy founded and grounded on knowledge' (Brady, 2005).

Brady suggests that the budgetary investment commitment by government is an acknowledgement that it is investment in education and cutting-edge research that will expand the economy's ability to absorb, generate and harness new knowledge (Brady, 2005). The Taoiseach said that the major new investment in higher education 'stems from the government's recognition that safeguarding our future growth and prosperity requires investment now in Ireland's knowledge, skills and innovation capacity' (Ahern, 2005). Investment in higher education will also be identified as a core element of the successor National Development Plan for the period 2007 to 2013. Strong emphasis is placed on institutional collaboration in the funding awards. Awards under the fund will be based on a competitive call for proposals by the Higher Education Authority and an international panel of experts will be convened to consider the proposals submitted. The fund aims to:

- incentivise and reward internal restructuring and reform efforts;
- promote teaching and learning reforms (including enhanced teaching methods, programme restructuring at third and fourth level, modularisation and e-learning);
- support quality improvement initiatives aimed at excellence;

- promote access, transfer and progression and incentivise stronger inter-institutional collaboration in the development and delivery of programmes;
- provide for improved performance management systems and meet staff training and support requirements associated with the reform of structures and the implementation of new processes; and
- implement improved management information systems (Hanafin, 2005).

The fund allocates an initial €15 million in the start-up year, 2006, €60 million in 2007, €75 million per annum from 2008 to 2010. In framing proposals, there will be a requirement on institutions to contribute funds from their own resources to copper-fasten the reform efforts. This is important in ensuring that the fund can leverage fundamental change throughout the system through promoting new thinking and new priorities in the use of existing resources. In tandem with this, the Higher Education Authority is currently advancing proposals for reform of the mechanisms for allocating core funding to institutions' (Hanafin, 2005).

In central government, the role of the Change Management Fund in stimulating public sector innovation, since its inception in 1999, should not be underestimated. The operation of the fund is co-ordinated by the Department of Finance and is overseen by a Change Management Fund Working Group (CMFWG) comprising officials from the Departments of Enterprise, Trade and Employment, Finance, Health and Children, Social and Family Affairs and the Taoiseach. The establishment of the Change Management Fund was driven by the aim of supporting departments and offices in the public service in their efforts to implement the strategic change agenda.

The fund was initially to run over the five-year period 1999-2003 with an annual budget of €6.34 million. The fund continued in 2004 and 2005 with budgetary

allocations of €2.18 million and €2 million respectively. In 2006, the fund is continuing to operate at a similar level to provide co-funding for projects which support the modernisation agenda. A list of priorities in terms of projects considered for funding in 2006 was set out by the CMFWG as follows:

- innovative projects with cross-departmental impact and benefit;
- innovative projects which enhance organisation development and support new methods of service delivery to both internal and external customer groups;
- projects co-ordinated from the centre which benefit the wider civil service;
- QCS initiatives including accreditation, and evaluation of customer charters;
- regulatory reform including RIA, statute law revision, consultation and administrative simplification;
- PMDS: the remaining implementation of upward feedback and the integration of PMDS with wider HR policy;
- the development of key performance indicators and resource allocation and budgeting systems;
- the implementation of the Mullarkey Report, particularly in regard to risk assessment procedures;
- enhancing communications and knowledge management;
- human resource management;
- projects that support decentralisation and which come under any of the above categories will also be considered for funding (Department of Finance, 2005).

The CMFWG envisages that approximately one third of this amount will be required to continue co-funding centrally co-ordinated projects benefiting the wider public service. The remaining funding will be allocated primarily to

new initiatives designed to improve the functioning of the civil service in terms of capacity to deliver high-quality services in an effective manner and which require seed-capital start-up. The CMFWG guidelines recommend that proposals relating to Information Society or e-Government projects are not appropriate to the Change Management Fund.

An example of department-led innovation is the Department of Communications, Marine and Natural Resources *Innovation and Change Management Fund*. This fund was established in 2004 with a budget of just over €550,000, rising to €1 million in 2005 and in 2006. The purpose of the fund is to support the seven non-commercial state-sponsored bodies (NCSSBs) and also the seven regional fisheries boards, under the aegis of the department, in their efforts to implement the strategic change/modernisation agenda.⁵ The fund was devised in 2004 and was modelled on the Civil Service Change Management Fund. A business case must be clearly set out by each body seeking funding and a report is submitted to the Strategic Change and Modernisation Division of DCMNR at the end of the year outlining the tangible benefits achieved by the project for which co-funding was granted. In October 2005, eighteen projects applied for funding, eleven projects were approved, five projects refused, and two were awaiting a decision. Projects approved for funding include modernisation issues dealing with customer service, training and development, knowledge management, integrated technology framework, partnership, developing a learning organisation and a HR information system. In a recent review of the scheme, a number of the bodies noted that projects would have happened at some stage but this fund accelerates their implementation, 'the fund speeds up implementation of the modernisation agenda, it brings things on-line earlier'. The decision to provide the funding is decided on an annual basis by the department, this prevents any reliance by the

bodies on a continuous funding stream. An external independent value-for-money audit and review of the fund will be commenced in the coming year to assess its impact on the sector.

Tuohy (2005) underlines the importance in any future change agenda of the need for 'a much greater focus across all the public sector on the urgency of the change agenda and the scale of dramatic changes needed. These have been ably demonstrated in many private sector examples in recent times. It is important that the scope, depth and urgency of the changes are not diluted by a desire to achieve consensus as to what it is possible to agree on either at central or local level'. He also reiterates that 'there is a need to support and encourage innovation across the public service'. He acknowledges that the Change Management and Innovation Fund for the DCMNR's non-commercial state companies will assist innovation but argues that there is a need for similar initiatives in the civil and public service generally. In terms of innovation, he deems the demise of the Information Society Fund as regrettable.

The Information Society Commission Report (2005) highlights that innovation is the key to unlocking the value of information and communication technologies (ICT). The Information Society Commission Report says that in the digital era it is more about new ways of doing things than it is about technology. Minister Kitt reaffirmed the report's suggestion that 'we should think in terms of one part technology, nine parts innovation. The value of ICT cannot be unlocked by simply bolting it on to established ways of doing business. We must be prepared to embrace new ways of doing things, and to innovate in terms of new work practices, new skills, and new organisational structures' (Kitt, 2005; ISC Report 2005). The report suggests that 'creativity and innovation are not "produced", but the conditions that increase their likelihood can be better understood and more effectively provided'. In this context,

the Report advocates a key role for government as facilitator, supporting innovation-conducive environments. The report outlines the leadership and functional contributions relevant to government, including:

- facilitating interaction between all relevant actors;
- maintaining a consensus and commitment at the highest level in support of knowledge-based innovation;
- coherence of policy design and implementation (including greater horizontal and vertical integration across departments and agencies as key to improving the delivery of quality public services and the implementation of national strategies);
- government departments developing their capacity to utilise research effectively in formulating and evaluating policy;
- improving publicly-delivered services through innovation;
- fostering innovation through public procurement policies;
- being proactive in fostering social innovations and developing its capacity to continuously identify key challenges, update policies accordingly and transform policy into action (ISC, 2005).

Workplace Change and Innovation in Ireland's Local Government Sector, published by the National Centre for Partnership and Performance (NCPP) in association with the Local Authority National Partnership Advisory Group (LANPAG), addresses the issues affecting local authority workplaces attempting innovative initiatives and sets out a number of good practice case studies to inform future policy development in the area. Case study research was undertaken by the NCPP in four local authorities: Donegal County Council, Meath County Council, South Dublin County Council, and Wexford County Council. The case studies highlight the dynamics of how partnership-oriented

organisations respond innovatively to the various challenges in their sector. 'These case studies show how the political and organisational changes in Ireland's local government system are being underpinned by innovation within the local authority workplace' (NCP, 2005). The NCP Report (2005) inputs into one of the core objectives of the government's National Workplace Strategy in terms of promoting workplace innovation by identification and dissemination of noteworthy examples of good practice. The NCP Report also reinforces the importance of a workplace partnership approach in delivering mutual benefits for management, union and employees. The strategy notes that 'the country's future competitiveness depends on a highly skilled and participatory workforce enjoying a high quality working life. The case studies presented [in this report] demonstrate practical ways by which an organisation can harness the goodwill and capabilities of its workforce by proactively engaging and involving staff at all levels of the organisation, and by identifying and responding to their needs and concerns' (NCP, 2005).

The report acknowledges that the full potential of workplace partnership has yet to be realised in many local authorities, but it underlines that 'there is no doubt that the involvement and participation by employees and their representatives in the planning and implementation of workplace change is and will remain central to the future success of local authorities'. A key challenge for management and unions is highlighted in the report in terms of providing 'adequate leadership, resources and support to workplace partnership and to test its capabilities by engaging it in the handling of more strategic issues' (NCP, 2005).

Thomke (2003) says that 'when Albert Einstein noted that anyone who has never made a mistake has never tried anything new, he was undoubtedly referring to the need to experiment in the quest for discovering new things. Indeed, at the heart of every company's ability to innovate lies a

process of experimentation that enables the organisation to create and evaluate new ideas and concepts for products, services, business models, or strategies' (Thomke, 2003, p.5). A number of the case study organisations highlighted that the culture of the public sector is quite risk averse where mistakes can be costly to the innovating organisations in terms of jeopardising future funding sources and being isolated by line departments and other colleagues during times of failure. Grant (2002) notes that tension between the operating and the innovating parts of organisations is inevitable. 'Innovation upsets established routines and threatens the status quo. The more stable the operating and administrative side of the organisation, the greater the resistance to innovation' (Grant, 2002, p.361).

To engender a process of experimentation and innovation in the public sector, a number of organisations consulted felt that line departments should be more supportive to innovating organisations and funding should be more flexibly available to those pioneering organisations that have a positive track-record for implementing overall successful innovations. A radical change in the culture of the public sector was suggested to remove the obstacle of risk/fear and allow more widespread innovation; a fundamental change to encourage innovation coupled with risk management was advocated. Grant (2002) highlights two organisational innovations that have helped to reconcile creativity and knowledge development with operational efficiency and knowledge application, namely: cross-functional product development teams and product champions. Cross-functional product development teams 'have proven to be highly effective mechanisms for integrating the different functional capabilities required to develop a new product, and for developing communication and co-operation across functional divisions' (Grant, 2002, p.361). Product champions provide 'a means by which individual creativity and the desire to make a difference can be reconciled within organisational processes. The key is to

permit the same individuals who are the creative forces behind an innovation or business idea also to be the leaders in commercialising those innovations' (Grant, 2002, p.361). Grant affirms that companies that are consistently successful in innovation have 'the ability to capture and direct individuals' drive for achievement and success within their organisational processes; creating product champion roles is the most common means for achieving this' (Grant, 2002, p.362). He acknowledges that 'given resistance to change within organisations and the need to forge cross-functional integration, leadership by committed individuals can help overcome vested interests in stability and functional separation' (Grant, 2002, p.362). Grant notes that Schön's study of fifteen major innovations found that 'the new idea either finds a champion or dies' (Schön, 1963, p.84). Marks et al (1998) highlight that 'successful diffusion of innovation tends to require that action moves from specific projects and "change champions" to durable networks and alliances between organisational functions and interests' (Marks et al, 1998 cited in Thompson and McHugh, 2002, p.254).

Fountain (2001) notes that 'private sector vendors of digital government and professional service firms have aggressively targeted the construction and operation of the virtual state as an enormous and lucrative market to be tapped. Economic incentives in the private sector generate rapid, innovative solutions and applications that should not be ignored by government actors. Yet information architecture, both hardware and software, is more than a technical instrument; it is a powerful form of governance'. She advises governments to be careful in their zeal to modernise, not to unwittingly betray the public interest. 'It will remain the province of public servants and elected officials to forge long-term policies that guard the interests of citizens, even when those policies seem inefficient, lacking in strategic power, or unsophisticated relative to "best practice" in the economy' (p.203).

3.3 Some concluding remarks

Schwab suggests that given the conditions which have allowed Ireland to prosper are changing, 'Ireland's challenge is now to change that knowledge economy into an innovation economy. Knowledge will soon be available everywhere – I call it the 'googlisation' of globalisation. It's not what you know any more, it's how you use it. You have to be a pace setter'. He advocates that what we need now is the entrepreneurial imperative. 'Innovation has to be the end in itself if we want to survive. It's not sufficient any more to see innovation as a means to an end. It has to be built into everything we do' (cited in Marc Coleman's article in *The Irish Times*, Friday, May 12, 2006).

Innovation in an international context

4.1 Introduction

In order to inform later discussion, this chapter focuses on innovation development in an international context. Developments in Canada, the Netherlands, Norway and the United Kingdom are outlined in this chapter.

4.2 Canada

During 1995, Ontario Public Service (OPS) began to work on a vision for the public service of the future. 'This vision was developed to clarify the key directions and key enablers of change and was communicated to the public service through the first of what became annual reporting from the secretary of the cabinet on the status and evolution of public services'. *Building the Ontario Public Service for the Future: A Framework for Action* (1997) set out the new directions of the OPS under five short goals. The document envisioned a public service that is focused on core business, ensures quality service to the public, is smaller and more flexible, is integrated and cohesive, and is accountable. A core theme that emerged as part of the new vision for the OPS is an organisation that operates from the 'outside-in' by opening up its business plans and performance measures to public scrutiny, by asking customers how, where and when they want their services delivered, and by constantly learning, improving and adapting to the challenges and new expectations (Bain et al, 2002). 'As structures, processes and people in the Ontario Public Service have become better connected, the seeds of an innovation culture have been sown more widely and have taken root across the organisation. More people are moving from an 'if only' attitude to a 'what if' capacity – generating

new ideas for ongoing strategic reform in the 21st century' (Ontario Public Service, 2002). The *Ontario Framework for Action* (2002) indicates how the development of an innovation culture within the public service leads to greater capacity-building and organisational resilience to meet the challenges of the dynamic environment. As noted by Bain et al (2002) much has been accomplished in recent years, but 'the expectations of OPS customers will continue to be a spur to innovation and quality service. Ministries will respond by listening to their customers, building responsive public services, measuring and continually improving'. Quality and innovation in the Ontario public service continues to be about the journey. They reiterate that success will be judged by the public from the 'outside-in' (Bain et al, 2002).

Similarly, Borins (2000) notes that, despite its image as old-fashioned and resistant to change, Canada's public sector is innovative and keeping pace with its US neighbour. A number of examples of innovation are outlined by Borins, including Environment Canada's ultraviolet index that is routinely incorporated into summer weather forecasts, Ontario's privatised high-tech Highway 407 and Parks Canada's accessibility program that ensures national parks are more user-friendly for people with disabilities and seniors. Borins made a direct comparison between over 200 applications to the US based Ford Foundation-Kennedy School of Government award and thirty applications to the Institute of Public Administration of Canada's management innovation award between 1990 and 1994. He found that, despite the differences in the political and social systems of the two countries, the patterns of public management innovation were virtually identical.

Earl (2003) highlights a number of reasons why innovation should be measured in the public sector, including:

- policy purposes (commercialisation – using public

knowledge to capture value and transfer technology, encouraging technology development and adoption, developing alliances and partnerships with the private sector),

- public sector efficiency
- encouraging national competitiveness and growth (Earl, 2003).

She notes that innovation can relate to a product innovation, process innovation, organisational innovation and market innovation and this poses quite a difficulty in terms of capturing information on innovation in the public sector. Furthermore, she suggests that it is important to define a market for the public sector given that 'public sector organisations create and enhance products and processes to serve their clients. These clients are often, but not always, non-paying; they are a market. Examples of paying clients (albeit sometimes subsidised) include: university and college students; and purchasers or licensees of products (goods and services) or processes'. She also suggests that it is important to consider in data collection that innovation indicators can cross the public-private sector divide.

Current measures of innovation in the public sector include research and development, intellectual property (patents), licensing activities, spin-offs and bibliometrics. Surveys have been conducted in Canada including a Survey of Electronic Commerce and Technology (SECT) which is an annual cross-economy survey of information communication technology use.⁶ She suggests that the tools required to measure innovation in the public sector include the development of a statistical framework. She also says that there is a need to clarify definitions and concepts and to re-market and target respondents accordingly (Earl, 2003).

The Deputy Minister's Learning and Development

Committee (LDC) was created in 1999 to devise a learning agenda for the public service of Canada. In its report in June 2000, the LDC recommended the creation of a seed fund to provide financial support for the 'development and piloting of new ideas for service delivery, use of technology, policy development or leadership for those initiatives which have potential broader application in the Public Service'. As a result, in February 2003, the former Canadian Centre for Management Development (CCMD), now the Canada School of Public Service (CSPS), created the Learning and Innovation Seed Fund (LISF) as a two-year pilot project. The LISF, with the support of twenty-seven federal departments and agencies, financially sponsored the development and implementation in the federal public service of sixteen pilot projects that focused on innovative ideas for service delivery, use of technology, policy development and leadership. The fund sought submissions from employees of the participating departments and agencies and proposals were to outline the employees' ideas on how to achieve the commitments outlined in *Results for Canadians* through innovation and the creative application of new ideas. As the projects were experimental, the focus would not be on actual results, but rather on knowledge creation and transfer and on lessons learnt. The LISF followed the venture capital model and funded only those projects that they felt would be able to achieve the stated goals and that might have a broader application in the public service as a whole. Priority was given to projects that crossed departmental boundaries, encouraged the development of collaborative partnerships, and involved various management capacities. Projects were funded up to \$50,000 and were expected to generate results within a ten to twelve month period. Submissions were examined by a Blue Ribbon Panel, comprising members from outside the public service (CSPS, 2005).

The LISF program had five expected outcomes:

- (i) to contribute to the *Results for Canadians* initiative by encouraging the public service to seek out new and better ways of delivering services, programs and policies;
- (ii) to improve the leadership and innovation capacity of the public service by fostering an environment that encourages innovation while managing risks;
- (iii) to develop collaborative partnerships and a broader overall government perspective, as opposed to the traditional departmental focus;
- (iv) to implement new methodologies, tools or processes in departments, after proper testing, demonstrating proper risk management techniques; and
- (v) to develop a community of innovators, to foster further innovation and to encourage new ideas from other public servants. (CSPS, 2005)

The accomplishments of the LISF program were many:

- positive results materialised from the projects;
- it showed that original ideas can be successfully implemented, if underpinned by sufficient resources and support;
- by providing employees with an opportunity to present and implement their ideas, the LISF program enhanced motivation, as these employees heretofore rarely had the opportunity to participate in the development of an innovative approach to delivering government services;
- the submission of proposals under LISF had two positive outcomes: it established a mechanism that was independent of the normal chain of command; employees were free to submit ideas outside their normal responsibilities without having to gain prior approval; and because these ideas were funded, employees were given the opportunity to pursue ideas

that otherwise would have been ignored, due to time constraints and financial limitations.

- it also highlighted the importance of horizontal relationships, both within and between departments. It provided employees with an opportunity to learn about other areas within government, and broaden their personal scope of knowledge and experience. (CSPS, 2005)

4.3 The Netherlands

In 2001, the Van Rijn Working Group published its report, on behalf of the Dutch cabinet, on *The labour market in the public sector; investing in people and quality*. Based on this report the cabinet decided to address labour market difficulties and improvement of quality in the public sector by a two-fold approach: a short-term programme and a long-term programme. In the short-term, the cabinet focused on a structural investment programme to increase the attractiveness of working in the public sector and to alleviate the problems of recruitment. In addition to this, the cabinet decided on a programme to stimulate and support innovation and quality improvement in the public sector. This programme focuses on:

- modernisation of public services and provisions;
- strengthening of the customer orientation of public organisations and the adjustment of the execution of tasks to social needs;
- modernisation and improvement of human resource management and the solution of the recruitment difficulties;
- improvement of the organisation, efficiency and effectiveness of the public sector, both at the level of individual organisations and at other levels, such as administrative tiers and sectors;

- investment in the improvement of management, co-operation and removal of barriers and use of quality tools;
- widespread use of ICT and other technology to improve the quality of service delivery, to increase efficiency and to reduce the dependence on scarce personnel. (BZK, 2002)

In order to achieve the programme's objectives, investments are made in sharing knowledge, experience of examples of good practice in quality improvement and innovation. There is positive stimulation and support of experiments and pilot schemes, applied research and promotion of the use of quality tools (including benchmarking and satisfaction surveys, amongst citizens and employees). The large-scale implementation of successful innovations and quality improvements will be encouraged. Initially, the programme is on a sector by sector basis, in other words within each segment of the public sector separately (e.g. public administration, police, defence, health, social care, education and science). Under this programme, in March 2002, the Netherlands Ministry of the Interior and Kingdom Relations (BZK) hosted an *Innovation and quality in the public sector* conference. This conference was an initiative of the department of Innovation and Quality in the Public Sector of the Ministry of BZK. The conference objective was the sharing of knowledge and experience by showcasing examples of good practice within the public sector to inspire all public sector organisations to invest in innovation and quality improvements. The conference was part of the programme for the stimulation and support of innovation and quality improvement in the Netherlands public sector (BZK, 2002)

4.4 Norway

Rolland (2004) highlights that New Public Management has

been interpreted 'as a means to re-set the pace of growth in an economy hampered by a swollen and inefficient public sector, and a major strand is concerned with downsizing government for that reason' (see Pierson, 1994; Ferlie et al, 1996; Peters, 2001). He says that NPM's main justification is the alleged crisis of legitimacy of the welfare state due to increasing taxpayer expectations and an unwillingness to pay for services. He also suggests that under the NPM perspective even Continuous Quality Improvement, a stated goal of NPM, must serve to cut costs and reduce government size and impact (Peters, 2001; Glor, 1999). Alternatively, Kuhnle (2000) and Wilensky (2002) dispute that there is a crisis of the welfare state and that therefore NPM is a means without an end. Struebing (1997) in his study of American Customer Satisfaction Index (ACSI) has found that 'experts link customer satisfaction decline to downsizing'. Rolland (2004) suggests that unless NPM faces up to these dilemmas, 'the future capitalist society will be a convergence of methods but a divergence of output. In the private sector Base competition will be "the innovation machine for miraculous growth". In the public sector Base, it will be "the price variable for downsizing government"' (Rolland, 2004).

Similarly, Broch et al (2005) acknowledge that encouraging entrepreneurship has increasingly been recognised as an essential innovation policy measure for economic and social development, as evidenced by the programmes and campaigns designed by most OECD countries. But they suggest that although innovation research has become increasingly recognised in terms of its significance in the public sector, the research on public sector entrepreneurship is still in its infancy. They also underline that 'perceptions of the public sector may be obscured by stereotypical conceptions of the status, roles and dynamics in this sector (e.g. politicians as decision makers, 'bureaucrats' as implementers, bureaucracies as red-tape factories etc). These perceptions have a tendency

to disguise the fact that there are entrepreneurs and entrepreneurship in the public sector'. They also suggest that 'one reason for this may be that public entrepreneurship reflects the complexity of this sector (multiplicity of roles, functions, obligations, agendas etc)'.

They recommend that policy-makers should pay closer attention 'to why people and organisations in the public sector become entrepreneurial, i.e. how individuals and organisational units can be encouraged to find new and better ways of doing things, whether this is through organisational change, the use of technology or through the adoption and development of practices that are new to the organisation in question' (Broch et al, 2005). They note that it is important to determine the alternative types of drivers for innovation in the public sector. These are more than the conventional assumption in innovation theory which states that 'expectations of an innovation related profit or private benefit (cf. von Hippel, 1988) motivates entrepreneurship and pursuit of innovation development. This type of economic assumption does not render justice to why people and organisations are willing to expend energy, creativity and resources on pursuits that give them few if any personal economic benefits'. They suggest that this 'may provide policy-makers with insights that are vital for the promotion of innovations for the benefit of civil society' (Broch et al, 2005).

In terms of entrepreneurship in the public sector, they outline seven distinct types of entrepreneurial agents in the public sector. This typology is an expansion on the work by Zerbinati and Souitaris (2005) who suggest that there are five distinct types of entrepreneurial agents in the public sector: professional politician, spin-off creator, business entrepreneur in politics, career-driven public officer and politically ambitious public officer. Broch et al (2005), based on the case study of innovations in health and home care services for the elderly in Norway, suggest a further two types: the political (ideological) activist and the idealistic

entrepreneur.

Broch et al (2005) present two innovative case studies in their paper, one at policy level and one at service level. They focus on the public provision of social and health service for the elderly in Oslo, describing recent policy revision away from building nursing homes to a policy of targeting the development of home care and the freedom of municipalities to prioritise and organise the home-based health and social services provided for the elderly. This freedom has provided space for entrepreneurship.

4.5 The United Kingdom

The Modernising Government White Paper (1999) obligated government departments and agencies to introduce schemes to reward innovative ideas (by rewarding staff with a sliding scale percentage of any savings or improvements made resulting from their suggestions). Such reward schemes have proved successful in many organisations in fostering innovation and continuous improvement (UK Cabinet Office, 1999). Similarly, Walker (2003) maintains that innovation is a central part of the UK government's programme to improve public services but he also notes that there is little evidence on how innovation is managed in public service organisations. This is further endorsed by the publication of a discussion paper on *Innovation in the Public Sector* by the Cabinet Office in October 2003. The Cabinet Office states that the intention of this discussion paper is to provide a framework for thinking, debate and action on the conditions for successful innovation and its diffusion in the public sector and is still very much work in progress. 'How to seek out and foster innovation from all levels is crucial to continual development and improvement: only half of all innovations are initiated at the top of organisations. Maintaining a diversity of staff, paying attention to the needs and expectations of users and frontline staff, and promoting formal creativity techniques are all valuable tools to this end' (Mulgan and Albury,

Strategy Unit, UK Cabinet Office, 2003). Walker suggests that how organisations adopt innovations is a central theme in the UK government's evidence-based policy and practice approach (Nutley and Davies, 2000), and the emphasis placed upon continuous improvement in numerous services focuses upon small-scale innovations (Bessant et al, 1994). Elsewhere, the performance classification schemes in health and local government (for example Audit Commission, 2002) implicitly draw on the 'innovator-laggards' model from the innovation diffusion school (Berry and Berry, 1999; Rogers, 2003). The stress on innovation as a mechanism for public service improvement is well-founded – empirical evidence indicates that high-performing organisations are those which innovate (for example Damanpour et al, 1989; Damanpour and Gopalakrishnan, 2001). Walker's study suggests that 'rational approaches to innovation management are overly simplistic and do not capture the iterative, complex and inter-organisational way in which innovation needs to be managed by public service organisations'. Walker (2003) suggests a number of key issues in the management of innovation that could be of use to many public service organisations including:

- The development of innovation cultures. The initiation periods of innovations lay the foundations for innovation management. Organisations with a clear understanding of issues inside and outside the organisation create a 'conducive organisational climate' (Van de Ven et al, 1999, p.28) for innovation. They also mean that an organisation is aware when there is a need to innovate rather than merely reacting to external change that could be imposed by a regulator.
- Linked to the notion of innovative cultures is the management of people, particularly teams. Teams play a central role in the development and implementation of innovations.

- Implementation strategies that include experiments, demonstrations and project groups are critical in ensuring that people understand innovation and facilitate their implementation.
- Sustaining innovation is an important part of the process. This requires ongoing leadership and management and the implementation of a number of strategies to ensure that people adopt the new ways of behaving – for example, training, empowerment, and reward structures.
- Finally, there needs to be flexibility about the implementation of innovation; senior managers may hold a very different view to front-line staff, and these tensions need careful management (Walker, 2003).

In January 2005, the National School of Government launched an exploratory study to research, identify and promote outstanding practice in achieving extraordinary performance through innovation and effective risk management. The study identified a number of success factors:

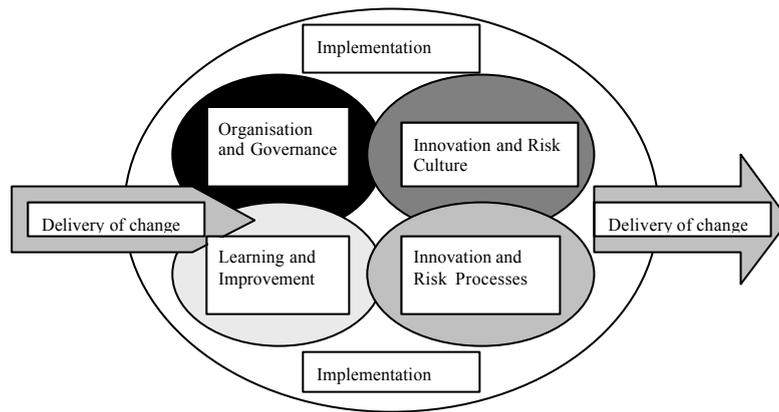
- An imperative to innovate, (e.g. several organisations had used a crisis or external threat as a compelling imperative to drive people to innovate and take well-judged risks, in the absence of a ‘burning platform’ the need was recognised to create an imperative to stimulate innovative thinking, for example, by setting ambitious long-term goals and stretching targets).
- A culture of accountability and passion for delivering results (all organisations visited in the study had clarity of purpose and a clear focus on outcomes; accountability for decision making at all levels in the organisation, with appropriate authority delegated from the top, was seen as a significant shift away from the ‘blame culture’.)
- An environment where organisational learning is systemic and systematic (e.g. corporate learning was

ongoing and part of day-to-day business).

- Clear and simple risk management processes that are embedded in decision making and in the way the organisation works (e.g. it provides a secure foundation and clear boundaries within which people are free to innovate and take courageous decisions and well-judged risks).
- A decision-making culture where the expectation is to challenge and be challenged about assumptions and evidence (e.g. rigorous challenging of proposals and assumptions and thriving on challenging the status quo; leaders encouraged people to question and explore alternatives, balancing opportunity against risk to inform effective decision making)
- An emphasis on developing the capability and capacity to innovate and take well-managed risks (e.g. clear about the type of skills, expertise and behaviour required for their particular business and these were recognised and encouraged through recruitment, incentivisation, personal development and career progression).
- A systematic and reliable mechanism for delivering change (e.g. programme and project management techniques were evident in most organisations with a strong emphasis on managing the delivery of successful outcomes). (Cabinet Office, 2006)

The exploratory study acknowledges that each organisation is differently configured, faces different challenges, and requires its own mix of ingredients but the framework presented develops a recipe for selecting and mixing the right ingredients. The study highlights that the framework is flexible with elements overlapping; for instance leadership is a component of 'organisation and governance' as well as 'culture' and business planning, is as important to 'governance' as it is to 'processes' (Cabinet Office, 2006).

A Framework for considering Innovation and Risk Management



Source: UK Cabinet Office (2006)

The UK Cabinet Office also published a *Guidance on schemes to reward innovative ideas* (1999) which sets out the common elements of successful schemes that reward innovative ideas. The guidance document suggested that ‘investment has to be placed in the scheme in terms of management commitment, time spent setting up and monitoring the scheme, and staff resources to operate the scheme. Although schemes will differ according to the structure and business aims of organisations there are a number of key ‘tips’ which have proved critical in introducing and maintaining successful schemes’.

The guidance document sets out the top ten tips for organisations introducing schemes to reward innovative ideas:

- Provide sufficient resources – manpower, administration, training and development, publicity etc.

- Senior management must commit to the scheme.
- Expect, and plan for, a high initial response to a new scheme.
- Include everyone in the organisation.
- Give advice and assistance to evaluators.
- Respond promptly.
- Keep people informed of progress.
- Measure results.
- Link with other 'Quality' initiatives.
- Above all – recognise people for their input (Cabinet Office, 1999).

The guidance document lists a number of initiatives that helped innovation and sharing of good ideas in delivering efficient and high quality public services including:

- the creation of a Performance and Innovation Unit (PIU) in the Cabinet Office in July 1998 which aims to improve the capacity of government to address strategic, cross-cutting issues and promote innovation in the development of policy and in the delivery of the government's objectives;
- the instigation of 'Learning Labs', based on the US experience with reinvention laboratories, to encourage innovation by encouraging front-line staff to put forward ideas for removing bureaucratic red tape while having regard for legislative, health and safety and financial accountability parameters;
- the development of the Invest to Save Budget, Effective Performance Division (EPD) managed by HM Treasury in consultation with the Cabinet Office, which is a major initiative to realise innovative projects bringing together two or more public bodies to deliver services in a more joined-up, locally responsive and efficient manner, in

tandem with the Modernising Government agenda. The first round was open only to central government departments with £120 million provided to thirty-three winning projects, while the second round was open to the wider public sector, including local authorities, £45 million was provided with 474 expressions of interest received (Cabinet Office, 1999).

A recent independent assessment of innovation in central government in the United Kingdom conducted by the Public Policy Group of the London School of Economics on behalf of the National Audit Office found that the primary benefit of applied innovations within central government is in enhancing productivity, as well as contributing to improving effectiveness. It recommends that performance review and strategic planning processes for departments and agencies need to pay more attention to increasing rates of innovation and productivity growth. It suggests that the government should aim to (i) foster a greater rate of applied innovation in central government organisations; (ii) give more focused support to the feed through from innovations to better labour productivity and (iii) improve the amount and the usability of information available on departments' and agencies' productivity.

The report acknowledges that current arrangements give some attention to these aspects but, in order to go further, it believes that central departments should incorporate these three objectives in both the new Capability Reviews of departments and that they be strengthened further within the comprehensive spending review process. The Office of Government Commerce focuses on improving value for money in procurement, but the report suggests that it should continue to promote the idea of allowing for innovative procurement solutions to further realise this objective. It is indicated that the Cabinet Office should emphasise the importance of innovation as an element of its Professional Skills in Government (PSG)

agenda and examine how training support can foster innovativeness. It is recommended that departments individually should consider how they can build the three objectives into performance targets and their methods for regularly reviewing the performance of their major executive agencies and non-departmental public bodies (NAO, 2006).

The report suggests that to ensure innovations are successful in reducing core costs and improving productivity, central government organisations need to be provided with excellent data on where costs are being incurred in their operations and on the costs of possible innovations. It is noted that better cost comparisons can also spur innovation and productivity growth. The report recommends that departments and agencies should improve their information on where costs are incurred in their operations and how they are distributed over the various types of outputs and to ensure that this research is more purposefully directed to improving innovation and exploring where productivity benefits might be realised. The report says that better collation of this research (for example, from market research to external audits) will ensure this is realised. It is also recommended that central government organisations should develop and publicise widely metrics and average costs data for their core operations, to enable staff to make decisions on where innovations can potentially contribute to cost reduction.

To incentivise managers in central government to develop or promote innovations, the report has a number of suggestions: that policy documents and guidelines that are published by departments at the centre of government (for example, the Cabinet Office or Treasury) should emphasise the importance of recognising and rewarding innovation and better incentivising managers to promote changes; that departments and agencies review their individual procedures for appraisal and promotion, to strengthen an emphasis on continuous innovation and boosting productivity; that departments and large agencies should

encourage innovations by expanding their use of project teams and project management techniques and by utilising more systematically staff with a track record of designing and progressing innovations (NAO, 2006).

It is acknowledged that central government departments take a relatively long time to develop and deliver innovation compared with the private sector. A number of suggestions for departments and agencies is highlighted, including: departments and agencies should ensure that their review processes are purposeful and proportionate for the risks that innovation pose; pilots should be appropriately scaled for innovative projects and explicitly analysed; reversible innovations should be tested speedily and at small scale before being successfully rolled out more widely and decision-making processes should take appropriate account of the opportunity costs of delays (for example, the foregoing of expected financial savings) (NAO, 2006).

The report affirms that efforts are under way to change the civil service culture towards more innovation, but the culture is resilient with a danger that it can absorb or neutralise incomers' inputs. Therefore, the report recommends that central departments and agencies should strengthen their ability to learn the lessons of successful innovation made by others by scanning systematically for relevant innovations that might be adopted, holding joint seminars or conferences with others in related policy fields and pooling information on innovations within departmental groups. As noted above, it is suggested also that departments and agencies should invest in fostering the innovativeness of their middle and senior staff through education and training within the Professional Skills in Government (PSG) framework. Central government organisations should utilise counter-cultural processes, events and methods of innovation such as innovation units, brainstorming sessions, conferences and away-days. This might encourage younger managerial staff to meet and take

a broad view of their organisation's purposes in order to engender suggestions for changes (NAO, 2006).

The report indicates that current innovation processes in central government organisations are overly 'top-down' and dominated by senior managers, despite the wealth of research that shows that innovation does not flourish easily within strongly hierarchical or siloed structures. The report further indicates that to encourage innovation useful suggestions from front-line staff need to be positively sought out, backed by clear leadership interest and supported by excellent internal communications. Departments and agencies must listen hard to customers (including other agencies). The report also suggests that departments and agencies should strengthen their capability to regularly learn about possible innovations from customers' views (via focus groups, surveys, market research) and to analyse in detail customers' behaviour and respond to both in a more agile way. The report recommends that central government organisations should strengthen and simplify the internal branding of their innovation policies and approaches to ensure staff can see visibly where they can contribute to successful innovation in the organisation; the leaders of departments and agencies should make clear to staff that achieving continuous innovation matters to the organisation's mission and to them personally. Departments and agencies are encouraged to renew their suggestion schemes and to strengthen the internal communication of innovations. Training for managers is recommended to assist them to respond constructively to suggestions (in terms of feedback to staff and to route them upwards). It is suggested that central government organisations need to find productive ways to allow senior staff to regularly broaden their direct experience of front-line work and bring together staff of different grades and divisions into productive thinking and discussion sessions, for example, open forums with senior managers (NAO, 2006).

This chapter has outlined the major innovations and innovative thinking occurring internationally in terms of the categories of innovation listed earlier in Table 2.1. It is clearly evident that in all countries innovative processes and initiatives are seen as a fundamental element for accelerating the pace of economic growth (Schumpeter, 1934; Earl, 2003). It is also seen as an important component in the latest iteration of public sector modernisation and sustaining the momentum for change. Whereas some countries have published discussion papers on the topic of public sector innovation, others are evaluating the extent of public sector innovation in their countries. In particular, the importance of effective risk management when implementing innovative initiatives is outlined in the UK Innovation and Risk Management Framework (UK Cabinet Office, 2006). Similarly, the development of reward schemes to engender innovative ideas and motivate staff cannot be underestimated as a driver of innovation in the public sector in many of the pioneering countries examined. In particular, it is suggested that central departments should incorporate innovation objectives in both the Capability Reviews of departments and within the comprehensive spending reviews process (NAO, 2006). More generally, the importance of evaluating innovations has been explored in Canada to provide some measurement of innovation in the public sector through surveys and possibly developing a standard statistical framework (Earl, 2003).

Case study findings

5.1 Introduction

The objective of this chapter is to show how a number of Irish organisations have pioneered innovative initiatives and programmes. A number of case studies have been chosen in the public sector due to their pioneering of change initiatives since the early 1990s. These organisations have received numerous accolades and awards for their innovative endeavours and these organisations provide useful insights into why they are pioneering innovative change under a bureaucratic public sector structure and culture. And more importantly, how can these pioneering efforts of implementing such change be replicated more comprehensively throughout the public sector? How can sporadic innovation become mainstreamed into the business process and culture of the public sector? These case studies provide an opportunity to assess specific issues and challenges and to address national issues in terms of moving the innovation agenda forward.

The case study organisations are as follows:

- the *Commercial Court* was developed in response to the business needs of commercial organisations with a specific remit to fast-track decisions through the court on business disputes worth more than €1 million.
- the *Death Event Publication Service* (DEPS) minimises 'bureaucracy at times of bereavement' and eliminates the significant payments and benefits that continue to be made in the case of deceased persons due to delays in updating agency information systems.
- *Donegal County Council* changed its organisational

structure to respond to changing customer demands and to drive innovation. Donegal County Council is progressing innovation through a requisite organisational structure, a flexible rewards system to sponsor innovation and the *Donegal Integrated Service Delivery (ISD) project* which is a partnership of public service agencies developing an integrated approach to service delivery.

- the *E-Cabinet* project at the Department of an Taoiseach is managing the distribution of documents for cabinet meetings in a more effective way which is of benefit to the cabinet and associated departments.
- The *Office of the Revenue Commissioners* has a structure specifically designed to encourage innovation. Revenue has a federal organisation structure, with a clear constitution of operational instructions, code of practice, to guarantee consistency of treatment of taxpayers, balanced with significant discretion at local level to deploy resources, take new approaches (which may involve risks) and tailor approaches to local needs.
- Finally, *South Dublin County Council* has developed innovative approaches to harness staff and information resources by continually measuring, monitoring and managing resources underpinned by a browser-based information technology system and effective use of PMDS to ensure effective service delivery.
- In comparison, IBM Ireland has instigated an innovation awards programme for employees.

5.2 Settling commercial disputes quickly - the Commercial Court

The requirement for a dedicated commercial court specialising in meeting the modern business/commercial needs of commercial entities was outlined in the 27th *Report of the Committee on Court Practice and Procedure*. The committee recommended 'a pilot project Commercial Court

be developed' and 'implementing as part of the project a pilot e-court' including 'the establishment of an e-court room'. In order to provide a forum for companies considering inward investment in Ireland to litigate, when necessary, a modern and efficient court was identified as a necessity.

The Commercial Court was established in January 2004. Prior to then, progress in a commercial action in the High Court towards readiness for trial was a matter for the respective parties. An exchange of documents took place with a view to reaching a stage where the case was ready for hearing. The High Court intervened only to adjudicate on any pre-trial issue which could not be agreed by the parties. There are no meaningful statistics relating to the duration of commercial proceedings before January 2004, but it is noted that litigation would have taken the parties two or three years to reach a stage of readiness for trial, with trial date being set for up to six months later and, furthermore, occasionally cases allocated hearing dates were delayed due to inadequate judicial resources. In comparison, the average time period from entry into the Commercial Court to the final conclusion of a case is just under eleven weeks.

The primary objective of this initiative was the establishment of a dedicated Commercial Court which would, although operating as a division of the High Court, acquire a separate identity, utilising more efficient procedures, operating under different rules and offering early hearing dates. The new venture was designed to provide a means for commercial entities to litigate their differences without delay before specialised judges in a modern environment. A small number of judges deal with all the cases and play a hands-on role. Unjustified delays are not tolerated and parties are not allowed to let their cases drift as the court can award costs against any party that fails to meet set deadlines.

Table 5.1 Commercial Court statistics January 2004 to January 2006

Cases entered onto the list	149
Cases refused entry	21
Cases disposed of	80
Cases outstanding	69
Average Waiting periods	
From entry to list to allocation of hearing date	8.5 weeks
From entry to list to conclusion of action	11 weeks
Length of cases	
Less than five weeks	21
Five to ten weeks	23
Ten to twenty weeks	21
More than twenty weeks	15
Manner in which case was disposed of	
Interim motion	8
Settled after entry	7
Settled after directions hearing	20
Settled after hearing date fixed	12
Settled after pre-trial conference	1
Settled at hearing	16
Full hearing	16

Source: Courts Service (2006)

This no-nonsense approach is working, as business disputes that once took up to four years are now being completed in four months. As highlighted in Table 5.1, of the eighty cases that have been fully dealt with, forty-four were finished less than ten weeks after entering the list. Almost 60 per cent of the court's cases involve a business dispute where the claim or counter claim is more than €1 million. However, the court also deals with areas of judicial review and intellectual property.⁷ According to a partner in McCann Fitzgerald Solicitors, the court deals efficiently

with cases, with cases on average taking between three and four months. This process also deters individuals or companies from falsely inflating the size of their claims. Furthermore, the fact that both the claimant and the defendant could apply to have the case transferred to the Commercial Court had a major effect on pre-trial tactics. Claimants who initiated a case but had no real intention of proceeding to trial were now faced with the prospect of an expensive trip to the Commercial Court. The court statistics support this point. Seven of the eighty cases disposed of were settled after they entered the Commercial Court list, while eight more cases disappeared after an interim motion was heard. Just sixteen cases have been heard in full. (cited in Kehoe's article in *The Sunday Business Post*, 19th February, 2006)

5.2.1 Challenges

The main challenges facing the establishment of a Commercial Court were the delivery on two core requirements identified in the Committee's Report, namely:

- the speedy resolution of commercial disputes and
- the use of the latest technology to underpin this.

Firstly, in relation to the speedy resolution of commercial disputes, it was decided that the court should be governed by rules of court as opposed to legislation. This option was selected in order to expedite the commencement of the new processes. A committee was established consisting of representatives of the judiciary, the Bar Council, the Law Society and the Courts Service with a remit to advise on and draft the rules. The major challenge was to provide the court with the powers to case manage an action, streamline processes and conclude in as short a timeframe as possible. The draft rules enabled the court to overcome challenges to achieving this goal. The main

feature of the rules is to provide the necessary mechanisms to achieve an early resolution of the matters in dispute. The Superior Courts Rules Committee approved the rules and these were signed by the Minister for Justice in January 2004.

Secondly, in relation to the use of the latest technology, the Courts Service acquired accommodation for the court in Bow Street in Dublin. A modern purpose-designed courtroom and consultation rooms provide modern facilities which feature the use of advanced technology. The latter is used to assist electronic presentation of evidence, video-conferencing and digital audio recording. The technology employed provides parties with the facilities to file documents on-line, to present a case electronically and to have evidence taken via a live video-link.

This is also underpinned by a system of rigorous case management employed by the Commercial Court, including wide-ranging powers to apply strict deadlines for the exchange of pleadings and documents; impose cost penalties for failure to comply with deadlines; direct that all papers be furnished to the judge in advance of a hearing, which results in a shortened hearing as the judge is well-briefed beforehand; actively encourage arbitration and mediation to resolve disputes if possible; narrow and identify the key issues in question, resulting in shorter hearings or early settlement of cases; permit evidence by way of live video-link from outside the jurisdiction; accept the written evidence of expert witnesses instead of directing their attendance in court; allocate prompt hearing dates; guarantee that a judge is always available to hear a case and employ the latest technology in order to streamline the processes.

This system of rigorous case management had not been a key feature of Irish litigation prior to the establishment of the court. The innovation has resulted in a highly effective service which benefits all parties. A user group for the Commercial Court was established to ensure service is

constantly improved for parties involved in its cases; this group consists of a judge with responsibility for management of the court since its commencement in 2004, two barristers, solicitors that account for a high proportion of commercial cases in the court and two registrars (Courts Service Registrars).

While most agree that the court has had a positive impact, many lawyers say it has worked against parties who are not, for whatever reason, in a position to litigate at an early date. Additionally, lawyers are put under considerable pressure to meet deadlines and to be primed for a quick hearing, especially if they have three or four cases in the court at one time. The high workload means more solicitors and this means higher costs. According to legal sources, the workload required for the Commercial Court makes it one of the most expensive to attend in the country. But it is also noted that the case would probably take four years in a different court compared to four months in the Commercial Court and, therefore, the costs balance out (Kehoe, 2006).

5.2.2 Key action learning points

A number of interesting learning points can be identified from the Commercial Court innovation. These would include the following:

- **Implement a pilot initiative in the first instance:** the Committee on Court Practice and Procedure recommended ‘a pilot project Commercial Court be developed’ and ‘implementing as part of the project a pilot e-court’ including ‘the establishment of an e-court room’.
- **Set up a Committee to draft rules of court:** in order to ensure the speedy resolution of commercial disputes, it was decided that the court should be governed by means of rules of court as opposed to legislation. This option was selected in order to expedite the commencement of the new processes. A committee was

established consisting of representatives of the judiciary, the Bar Council, the Law Society and the Courts Service with a remit to advise on and drafting the rules.

- **Acquire a separate identity, utilising more efficient procedures:** a dedicated Commercial Court was chosen which would, although operating as a division of the High Court, offer early hearing dates. The new venture was designed to provide a means for commercial entities to litigate their differences without delay before specialised judges in a modern environment.
- **Use the latest technology, set up a user group and ensure rigorous case management:** the Courts Service acquired accommodation for the court in Bow Street in Dublin. A state of the art purpose designed courtroom and consultation rooms provide modern facilities using advanced technology features to assist presentation of evidence electronically, video-conferencing and digital audio recording. This is also underpinned by a system of rigorous case management employed by the Commercial Court.
- **Establish a user group:** this was established to ensure service is constantly improved for key parties involved in Commercial Court cases.
- **Use expertise to expedite issues under defined deadlines/scheduling:** the new venture was designed to provide a means for commercial entities to litigate their differences without delay before dedicated judges in a modern environment. A small number of judges deal with all the cases and play a hands-on role. The no-nonsense approach is working, as business disputes that once took up to four years are now being completed in four months.

5.2.3 Recommendations

From discussions with key informants, it is deemed important that the initiative is kept under constant review. Two of the primary factors contributing to the success of

this initiative are a strong set of court rules and the assignment of specialised judges. The linkage with the Supreme Court in terms of appeals needs to be improved. Consideration could be given to the drafting of a similar set of court rules for the Supreme Court. Greater effectiveness in processing of appeals cases in the Supreme Court would be a significant improvement; for example, in 2004 when four cases were appealed and three went to the Supreme Court from the Commercial Court (division of the High Court), one case was around for more than a year.

The greater implementation of technology to ease the usage for practitioners and the public will provide a model court. It is recommended that e-courts should develop throughout the courts system. In particular, the specialist nature of an e-court Commercial Court would benefit the development of Dublin as an e-city, and Ireland as an e-commerce centre' (27th *Interim Report of the Committee on Court Practice and Procedure*).

It is evident that the Commercial Court model is replicable in other categories of litigation in Ireland and has recently been applied with the establishment of a division of the High Court dealing with matters under competition legislation. The state has benefited from the introduction of the Commercial Court in the same way as other parties. The first action in which a lengthy pre-trial hearing took place and which was settled shortly thereafter involved a government department. The state has also benefited from a court system which is independent, modern, efficient and cost-effective and which provides an incentive for companies considering inward investment in Ireland. The court provides a speedy and efficient resolution of disputes. The technological enhancements to the court's process contribute to the government's policy to deliver quality customer services electronically.

5.3 The Death Event Publication Service (DEPS) - a cross-agency collaboration to 'minimise bureaucracy at times of bereavement'

The General Register Office (GRO) is responsible amongst other things for the registration of deaths.⁸ There are 360 registrars nationwide. Every death must be registered, with the following details of the deceased recorded:

- date and place of death*,
- place and date of birth or age last birthday,
- sex of deceased,
- forename(s), surname, birth surname and address,
- personal public service number,
- marital status,
- profession or occupation,
- if deceased was married, the profession or occupation of spouse,
- if deceased was less than eighteen years of age on date of death, occupation(s) of his or her parent(s) or guardian(s),
- forename(s) and birth surname of father of deceased,
- forename(s) and birth surname of mother of deceased,
- certified cause of death, duration of illness and date of certificate*,
- forename, surname, place of business, daytime telephone number and qualification of registered medical practitioner who signed certificate,
- forename(s), surname, qualification, address and signature of informant,
- if an inquest in relation to the death or a post-mortem examination of the body of deceased was held, the forename, surname and place of business of coroner concerned,

*These details must be supplied as part of the medical cause of death.

(http://www.groireland.ie/registering_a_death.htm)

- date of registration,
- signature of Qualified Informant and of registrar.

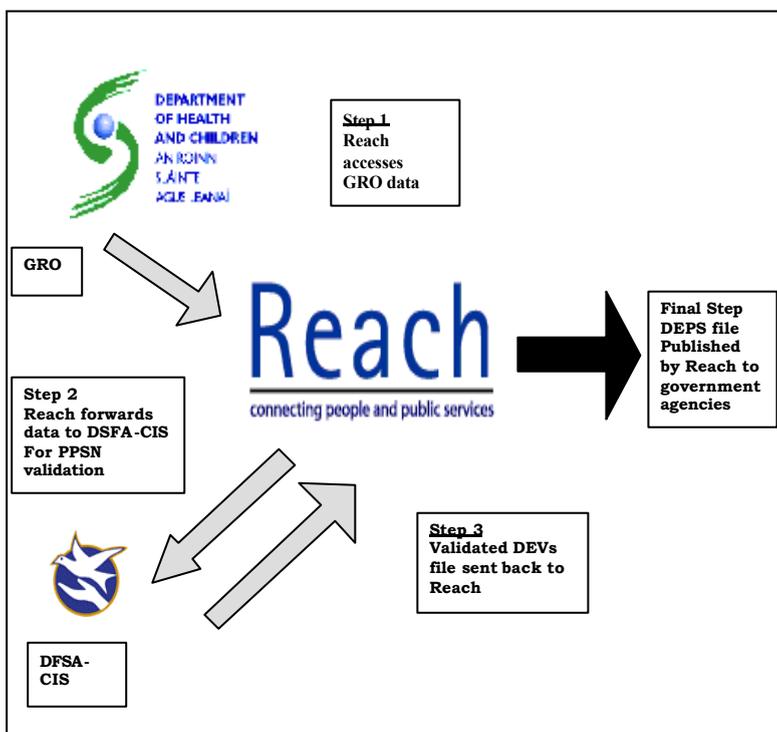
Reach has instigated the Death Event Publication Service (DEPS) as an extension of the Inter-Agency Messaging Service (IAMS), which is a centralised messaging hub built by Reach for use by public sector agencies. The IAMS currently enables the following services: the creation of a PPS Number, creation of Public Service Identity, payment of Child Benefit and distribution of life event information. The IAMS was originally developed in conjunction with the General Register Office, the Department of Social and Family Affairs and the Department of Agriculture and Food. DEPS builds on the information gathered by the General Register Office (registration of approximately 30,000 deaths annually). DEPS is a cross-departmental system. DEPS is a 'publish and subscribe' service where notifications of all registered deaths are provided automatically in electronic format to all subscribing public sector agencies. The General Register Office (GRO) produces a file every week containing details of each registered death.

As outlined in Figure 5.3, data from the GRO is accessed from the Inter-Agency Messaging Service (IAMS) conduit in Reach. Reach then forwards this data to the Department of Social and Family Affairs' (DSFA) Client Identity Services (CIS) for validation. DSFA send the validated file, known as Death Event Validation System (DEVS) back to Reach. This is a file of all registered deaths that DSFA has been able to match with a valid PPSN. Reach publishes the file to the various subscribing government agencies, where it is then known as DEPS (Death Event Publication System).

As noted earlier, DEPS represents a cross-agency collaboration using the data-sharing technology that enables cost reduction and service delivery improvements. DEPS provides an invaluable improvement in service by

eliminating the significant payments and benefits that continue to be made in the case of deceased persons due to delays in updating agency information systems. DEPS allows all subscribing agencies to identify those persons on their registers who are deceased. Agencies use this information to eliminate inappropriate payment of benefits and pensions; remove deceased persons from medical card registers and to remove deceased persons from the electoral register.

Figure 5.3 Death Event Publication Service - How it works



Source: Reach/DEPS (2006)

At present, there are twenty-eight agency subscribers to DEPS, including, Department of Finance, Department of

Defence, Department of Education and Science and Department of Justice, Equality and Law Reform. These departments are responsible for all civil service and local government pension payments and DEPS enables them to verify the information on their pension registers. The average number of pensioner deaths is estimated at 5% per annum and the estimated number of public service pensioners that die each year is approximately 4,000. As Table 5.3 indicates, the estimated amount of total spend on public service pensions effected is €66.5 million (i.e. 5% of €1.33 billion)

Table 5.3 Public service pension statistics

Organisation	Total No. of Pensioners	No. of Pensioners (Retired employees)	No. of Pensioners (Widows etc)	Annual Cost (Gross) €
Civil Servants	4,400	10,000	4,400	€ 218 m
Garda	7,300	5,700	1,600	€ 130 m
Army	10,500	8,400	2,100	€ 160 m
Teachers	15,500	13,900	1,600	€ 430 m
Local Authorities	17,300	12,100	5,200	€ 162 m
HSE	14,800	13,050	1,750	€ 230 m
Totals	79,800	63,150	16,650	€ 1,330 m

Source: Reach/DEPS (2006)

Controls carried out on the payment of public service pensions include the Pensions Declaration Procedure and the Death Event Publication Service.

The Health Service Executive (HSE) agencies use the information from DEPS to remove deceased persons from medical card registers. The HSE carried out a detailed review of all medical card registrations over the period

February 2002 to February 2004. This involved the issue of a new medical card with a PPSN featured on the card, to all registered cardholders. Some 18,373 ghost medical cards were detected which has resulted in estimated savings of €0.9 million in respect of general practitioner fees alone. When implementing the budget decision to issue medical cards to persons aged seventy years and over (2001) some 28,156 records were removed from the GMS medical card register by the former health boards, which resulted in the generation of overpayments estimated at €8.2 m in respect of capitation fees to some 1,780 general practitioners.

The successful and cost effective implementation of DEPS was ensured by building and extending the existing infrastructure, standards and guidelines, message and data models developed for IAMS. DEPS was developed on the initial technical investment spent on establishing the IAMS and provides added value to the co-operative effort of Reach, the GRO and the DSFA. The project was steered by Reach's board and a project co-ordinator was appointed to oversee and take responsibility for all aspects of the development and reported directly to the director of the board. The same company that successfully developed the original IAMS also developed the additional software and additional hardware was also installed. Good project management underpinned the development of DEPS with regular meetings held between the various responsible parties (Reach, the GRO and the DSFA) to identify and investigate issues, report on progress and to ensure consistent progress was maintained. The DEPS service was rigorously tested prior to being implemented. A comprehensive support contract was agreed which ensures fast response to any problems.⁹

5.3.1 Challenges

The use of the Personal Public Services Number (PPSN) is controlled by the DSFA and it was unwilling to allow DEPS to directly publish PPSN related information embedded in

the messages sent from the GRO. This issue was overcome when DSFA developed the Death Event Validation Service which examines each message sent to the DSFA by the GRO prior to transmitting the message to be published by DEPS.

Data protection does not apply to deceased persons, but death registrations contain information that relates to other persons such as the registrar. This issue was resolved when it was decided that the full registration details would not be published. The data set published for each registered death comprises a number of core pieces of information, including, but limited to: name, address, next of kin and importantly, the PPSN. This information uniquely identifies each deceased person.

As the DEPS was being developed as a new service on the IAMS, there was the potential for DEPS to impact negatively on the IAMS and therefore on the business processes of the agencies depending on the IAMS. To overcome this, a detailed testing plan was put in place with particular emphasis on end-to-end system testing and regression testing to monitor the effects of the new service.

A number of agencies were involved in the development of DEPS (Reach, GRO and DSFA) and this required establishing agreement and consensus between all three parties despite their different business process requirements. To ensure co-operation between partner agencies, detailed documents of functional and technical requirements were drawn up in consultation with each of the development partners. During the lifecycle of development, the implementation of these requirements was reviewed on a weekly basis by a committee made up of representatives of the agencies.

DEPS is an interagency collaboration but this gave rise to ownership issues such as data ownership and process responsibility. There was no comparative project in Ireland and following negotiations between the partner agencies it was agreed that Reach, as the prime developer of DEPS and publisher of the messages, effectively 'owned' the service

and thereby Reach agreed to maintain and support the service.

5.3.2 Key action learning points

An effective and efficient Death Event Notification System is required across the whole public service (not just in relation to pensions but to all public service organisations providing benefits to the public etc.) Therefore, the current DEPS system is not operating to its full potential. The Pensions Declaration process as currently operated throughout the public service needs to be improved as a control measure for public service pensions. DEPS could be improved to provide a Death Event Notification Service to all public service organisations and subscription should be mandatory.

In terms of more generic lessons for other organisations, experience gained through the DEPS innovation indicates:

- A project manager/co-ordinator coupled with a cross-agency co-ordination group is needed, with responsibility for the day to day development.
- Roles and responsibilities of agencies and agency staff must be clearly defined and agreed by stakeholders.
- Each agency must be represented and meet at a senior level to allow issues to be progressed.
- There must be clarity with regard to data and process ownership issues.
- All decisions, issues, responses, agreements and so on must be fully documented, and detailed minutes must be kept and circulated.
- A business case should be developed prior to developing a service.
- Agencies providing services should be encouraged to share data. With regard to the context of the legislative constraints, the issue of ownership should be addressed and the principle that the customer actually owns his/her data should be promoted.

- It is important to use existing standards if possible instead of creating a new standard if a well understood standard is in existence.
- In terms of hardware and software, seek to use open standards software, re-use bespoke software and seek to minimise code development.
- Aim to share services with other public service providers where possible.

5.3.3 Recommendations

A working group, comprising DSFA, Reach, GRO and the Department of Health and Children may be formed to further improve DEPS, by delivering a system that will ensure all deaths are registered with a validated PPSN. Some suggestions proffered as possible improvements include: the non-issue of a death certificate by a registrar until a PPSN is provided by the person registering a death; on-line access to PPSN search facility for all registrars; redefining the amount of critical data required by CIS, DSFA to validate a PPSN; emphasising to registrars the importance of having PPSN recorded when registering a death and also emphasising to the public the importance and availability of PPSN details including printing PPSN on all pension pay-slips.

When an improved DEPS system is available the Pensions Declaration System could then be abolished. In the meantime, depending on the timescale for the delivery of an improved DEPS system, the standard operating procedures and forms could be introduced throughout all public service organisations to ensure that the legal requirements are met in full and that the system acts as a reasonable control. In this regard consideration could be given to the use of the PPSN on declaration forms to assist with verification; permission should be obtained to complete the declaration form by government department offices (e.g. Social Welfare information offices, Revenue public offices, Garda Stations etc) and GPs permitted to

complete the declaration form (particularly for medical card holders); it should be possible to stamp the declaration form. Similar data-match exercises should be carried out by pension paying departments of all public service organisations on a once-off basis.

5.4 Progressing innovation through a requisite organisational structure and integrated service provision: Donegal County Council and the Donegal Integrated Service Delivery Project

The modernisation programme for the public sector (the *Strategic Management Initiative* (1994)) and in particular, the publication of *Better Local Government* (1996) provided the context for reinforcing the change programme in Donegal County Council. A series of reports in the 1990s identified a need to address some fundamental issues if service improvements were to be realised. In 1995, the Donegal county manager set up a project team to develop proposals for a new organisational structure. The project team consulted with colleagues across all sections in the organisation and also external public sector organisations in terms of the decentralisation of services in the county. An organisation specialist was employed to incorporate the theories of Elliott Jacques (*Requisite Organisation*, 1996) into any proposed organisational structures. These principles focus on designing organisational structures based around the complexity of work at each level of management in the organisation. The structure and clear division of unified management responsibilities at each level in Donegal County Council matches requisite skills and competencies to complexity of work. This ensures that the organisational structure locates accountability for innovation and modernisation at the senior management levels. The staffing and management structures of Donegal County Council have gone through a period of sustained significant change over the past few years. A very significant

investment has been made in terms of staffing and customer facilities' (Donegal County Council, 2004). Four levels of management – county manager, directors, divisional managers, and area managers – were created.

Given that the very nature of the work performed at each level of management is distinctive, the information requirements of managers at each level is quite different. For example, at area level, an area manager is interested in the state of individual cases in his/her area of responsibility. At divisional level, the focus is much more on what is the state of the process and how well the individual cases are being managed. At director level, the focus is at the strategic, macro-level: is Donegal County Council achieving the overall strategic objectives that were set out in the Corporate Plan 2004-2009? For directors it is important to determine what are the appropriate work processes and reporting systems that the organisation needs in order to manage the work effectively? The fundamental premise in Donegal County Council is that the information needs and the systems to deliver them, come from, and are based firmly on, the work to be done and how the organisation is structured and organised to do that work.

In terms of reporting relationships between the four levels of management, the majority are conducted on a face-to-face basis, but Donegal County Council also has a number of other reporting systems. For example, the Agresso financial management system is an important reporting tool that measures the relative importance of objectives and the extent to which resources are devoted to those objectives; 'if you follow the money it will always give you a fair indication as to where the real action is in the organisation'. Donegal County Council is currently developing and implementing a comprehensive reporting system which aims to integrate the financial, activity, and customer information that staff at each level require, based on a clear understanding and statement of the tasks to be performed within each role in the context of overall work

processes.

The Donegal Integrated Service Delivery (ISD) Project was initiated in 2002 and comprises a partnership of public service agencies, developing an integrated approach to the provision and delivery of services to customers in the county. The project is a partnership initiative involving Donegal County Council, the Health Service Executive, the Department of Social and Family Affairs, FÁS, Comhairle, and Donegal Citizens, Information Service. Over the past four years, five local public service centres have been established and are delivering information and services to customers in Carndonagh, Donegal town, Dungloe, Letterkenny and Milford. Given that many public services share a similar customer base and that co-location of such services would create a single access point from which the individual could avail of a range of services conveniently, these agencies agreed to work together on initiatives focused on integrated service delivery. The ISD project aims to provide a seamless, quality public service to customers in Donegal through a range of access channels and to integrate services across the agencies, based on the needs of the customer.

The flexible inter-agency structure of the ISD project aids innovation by allowing collaborative teams and working groups from various agencies and public sector organisations to work on innovative projects, for example the Rental Accommodation Scheme, and integrative services projects.

An independent evaluation of the ISD project was conducted by Fitzpatrick Associates in 2005 to assess progress of the project against its main objectives. Two hundred and eighty-four customers were surveyed in the five public service centre locations and, overall, satisfaction rating in terms of quality of service was 97% across all centres. Two thirds of customers interviewed found an improvement in quality of service (accessibility and speed) in relation to public and information services. The survey

indicates that the customers' preferred method of contact in accessing services was face-to-face (77.7%) and by telephone (9.5%) with payment of motor tax cited as the primary purpose of a visit followed by community and social welfare service and citizens information services. Over one third of respondents (36.4%) indicated that accessibility was their main reason for visiting the centre to avail of a particular service. The survey also found a high level of awareness by respondents (77%) of other services that are provided in the centres.

The Fitzpatrick Evaluation Report found that the establishment of the Donegal ISD project has facilitated innovative activity in terms of integration of services: 'it has created the conditions in terms of organizational structure, interagency working and infrastructure that will potentially further develop joined-up service delivery in the future' (Fitzpatrick Associates Report, 2005). Donegal County Council is the primary driving force behind the instigation of the Donegal ISD project. The council has invested considerable resources in developing the ISD project, particularly in terms of capital investment. The development of the public service centres is closely linked to the council's decision to restructure its organisation and localise its services to each electoral area in the county.

The Fitzpatrick Evaluation Report (2005) found high levels of staff satisfaction with the localised structure due to a number of factors including better facilities, an improved working environment, working closer to home and a more client-based relationship in the provision of services, with smaller area-based teams able to respond to the needs of customers more effectively. The evaluation report also highlighted a number of successful initiatives focusing on service integration, including the development of the HSE regional information line, a cross-service approach to the Housing Needs Assessment and an ongoing project focusing on the Rental Accommodation Scheme.

5.4.1 Challenges

‘Despite these impressive developments, there remains a feeling amongst key stakeholders, both at local and national level, that the project has yet to realise its full potential, particularly in relation to real integration of services. Further attention must be devoted to generating efficiencies across services and improving effective delivery by driving forward initiatives focused on service integration’ (Fitzpatrick Associates, 2005). The evaluation report notes that in the long-term the project will only realise its full potential if it is supported at a central level in the public service.

Agencies and public sector organisations involved in the ISD project are at differing levels of the partnership process and this involves greater consultation by management with all parties to keep them in the information loop and to ensure all issues are addressed.

5.4.2 Key action learning points

A supportive culture: It is important to create a supportive culture for promoting innovation. This may be realised by reassuring innovators that it is alright to take a risk and that management will support them both in successful endeavours and during failures. Public sector managers should accept that there is still significant potential for things to go wrong but nevertheless believe that the potential value of the innovative project is such that it is worth taking those risks. In particular, developing a supportive culture underpinned by risk management principles is necessary if the public sector is to become more innovative.

Leadership and effective management: Leadership is important to create and implement innovation, to keep people focused, to manage the change and innovation process effectively. It is important to ensure effective management of an innovative project by ensuring that

appropriate resources are provided to ensure that the innovative project is actively driven.

Open communication, flexible structure, funding: It is important to have open communication channels and ongoing consultations with the various partner agencies and public sector organisations involved in a cross-agency project, underpinned by a flexible structure of working groups and collaborative teams and supported by funding bodies and partner agencies.

Technology is seen as an enabler: Twenty years ago, Donegal County Council would not have been able to implement its decentralisation programme given the lack of information and communication technology (ICT) development. Donegal County Council devolved decision making to the area managers under its restructuring programme. The council could not have implemented radical devolution of formal authority to area managers to make decisions on individual cases without these ICT developments. This innovation is very beneficial for the customer.

Customer focus for innovative structures: It is important to ensure the customer is the focus of the innovative process, even though innovation may involve costs. For example, in Donegal, devolving public services to local electoral areas has had cost implications but, as the Fitzpatrick Evaluation Report (2005) highlights, it is paramount in terms of customer convenience and accessibility.

Rewarding innovation in resource terms: It is noted that the budgetary financial cycle can serve as a very powerful tool to encourage innovation. For example, at Donegal County Council if a manager is given a level of resources to deliver a work programme and if through efficiencies or

better working arrangements, or any form of innovation, he/she can save €100,000 to two million, Donegal County Council do not penalise them for that, by cutting their budget next year. They can proceed with additional work with those resources. Equally, however, if a manager oversteps that budget, the overspend has first call on their budget the following year.

PMDS could promote innovation: It is argued that if PMDS is managed effectively, it has the potential to enable innovation in the public sector for two reasons: firstly, ensuring that a line manager meets on a regular basis with front-line staff to talk to them about their work, about what is expected from them, how their contribution fits into the bigger picture, and what their targets and objectives are. Secondly, it gives front-line staff an opportunity to discuss in a very open, non-judgemental way, with their manager what the problems are that they encounter in doing their work and the areas that need changing. In terms of innovation, if managed properly, PMDS has great potential to drive the innovation process in the public sector, as the spark for the innovative idea or process is more often than not from somebody at the front-line who highlights shortcomings in how the service is operating or delivered to the customer. If the feedback loops in the organisation are managed effectively by systematising them in the PMDS process, then potentially this may have a very powerful effect on innovation and the resulting ramifications for change across the whole organisation.

5.4.3 Recommendations

Need to develop a supportive innovation culture - establish a practitioners' forum: In general, successes are much written about when implementing and managing change. At Donegal County Council senior managers suggest that when implementing innovative changes it is quite often a series of three steps forward and two steps

back, with long periods where one questions where the project is going. But, it is noted by senior management that there is nothing more instructive than a serious dilemma when instigating innovative projects, but in the public service, given the prevalent culture of not speaking about failures, no one is going to admit in a public forum the ten things they have got wrong in terms of their innovative project. But if there was a closed shop, a confidential environment within which people could talk to one another openly to learn from one another's implementation challenges and failures, this would provide a useful learning forum. A practitioners' forum would be a useful learning environment and provide a supportive environment for innovators. The development of an organisational development/change management practitioners' forum would be important to support the development of innovation in the public sector and provide a confidential action-learning forum for organisations to share information, lessons from successes, failures and advice and suggestions on helping organisations undertaking innovative initiatives or who have issues with their innovative projects. To ensure that the forum is effectively managed and supported, it should be managed by a prominent senior civil servant to sustain and keep the interest of public sector organisations.

Need to develop meaningful indicators of innovation:

More generally, it would be advantageous to have a set of innovation indicators. However, there is a practical problem here. Is a set of indicators possible – some financial, some non-financial? Is there a basis on which you can measure innovation?

Develop a centrally driven service delivery strategy: A number of interviewees highlighted that in general, there is a need for a more centrally driven service delivery strategy for the public sector, similar to the Quality Customer

Service agenda, to ensure that more integrated service delivery is developed, rather than the current position where nationally innovative initiatives are developed on an ad-hoc basis. More generally, a number of case study organisations argue that a mandated percentage of expenditure from the budget of public service organisations and agencies towards innovative initiatives, quite similar to the 3-4% budgetary training targets, would engender a serious commitment to driving forward innovation in the public service.

5.5 The effective management of documents electronically for cabinet meetings: the e-cabinet project at the Department of An Taoiseach

5.5.1 Background

In 1997 technology developments enabled the cabinet secretariat to reassess the issue of manual distribution of documents for cabinet meetings. Due to the confidential nature of cabinet documents they are traditionally distributed by hand. Either despatch riders or department services officers are used daily to despatch them to cabinet members. For a typical government meeting, if there are thirty items on the agenda, the required number of copies of those items comes in initially to the cabinet secretariat, are processed by the secretariat at Department of An Taoiseach and subsequently distributed to individual ministers. Therefore, you have a very labour-intensive movement of documents around the cabinet system. This instigated a need for a better way of distributing papers and this was the starting point of the electronic cabinet project. Once a decision was made to use technology to address this issue, it was a matter of looking to see what other advantages one can get from applying client technologies to optimise the benefits. Databases were already in use for agenda preparation but at that stage had not dealt with the issue of distribution of papers which was very manually

intensive.

The e-cabinet project involved a project manager who was part-time, the head of the department's IT Unit and a technical adviser on the project. The e-cabinet project incorporates 25,000 transactions on the system per annum and the refined version with improved functionality removed a significant amount of micro transactions. All funding for the project came from the Information Society Fund and was very important to the development of the project.

5.5.2 Action learning points

Undertake a feasibility study: It was decided that the secretariat would commission a feasibility study by Price Waterhouse Coopers (PWC). The management of the secretariat believed that the benefits of the project lay outside the cabinet room and that in their view 80-90% of the value of this project is in the actual departments themselves at the preparatory stages. The feasibility study validated the concept and addressed the level of ambition that the secretariat might appropriately have for the project and also addressed the issues of the most appropriate technologies to use.

Involve all stakeholders from the outset: All stakeholder groups including the cabinet were consulted from the very early stages in the preparation of the feasibility study. The use of stakeholder groups leveraged support for the project: presentations were made to cabinet, the Secretaries General Implementation Group, the assistant secretaries network. Two interdepartmental fora were held (technical managers network and business users network) and familiarisation courses were run and the system was designed so that it would lead users through the various stages of the project (familiarisation, help, simulation environment, and a technical help desk operated in the IT area).

Auto-population of items on the agenda for cabinet meetings from respective departments in real time, accessible by all departments: Delivering on the agenda for cabinet is a highly structured process and there are very specific guidelines as to how and what type of documentation should come before it. This was helpful in terms of designing a system that met the business case. Cabinet itself operates on the basis of no surprises, there should be full and adequate consultation amongst departments that are functionally involved before a particular proposal comes to cabinet. In the manual, and indeed in the electronic environment, very often people submit memoranda to government at a very late stage without necessarily having consulted other departments. On the e-cabinet system the secretariat made a deliberate decision that once a memorandum was submitted to the secretariat it is auto-populated on to a part of the agenda, in other words the secretariat have the main agenda, and the supplementary agenda (items that are pending approval for the agenda). For example, if you are in the Department of Finance and some department has sent in a proposal that requires a few hundred million expenditure and that is the first you have heard of it, you have access to the agenda in real time, you can contact the secretariat and clarify matters. In practice, the e-cabinet project has put a certain transparency in the system. Prior to this the secretariat would double-check that the relevant departments had seen the items on the agenda.

Rules not built into the system: Furthermore, although the cabinet process is rule-driven the secretariat did not actually write the rules into the electronic system. It is noted by management in the secretariat that from experience a programmer's instinct is to write mandatory rules. But, generally they are unable to anticipate all the variations of situations that will arise and rules can therefore become an obstacle to the conduct of business.

Where there are particular requirements to be met, the secretariat reminds departments of the need to meet the requirements. The secretariat does not prevent them from completing the transaction if they do not meet the requirement, but it does, on a personal basis, look and see and ensure that it is met. The secretariat makes the personal judgement call as to whether a failure to meet a requirement is fatal in terms of the item going on the agenda. If it does not comply with the rules it assesses the problem and this is where the human or knowledge intervention of the secretariat comes into the frame.

5.5.3 Recommendation

A practitioners' forum would be beneficial to peer review and evaluate issues and as a networking forum for public sector organisations as a way of being less captive to consultants. Such a forum would give the confidence to share and learn knowledge on experiences and issues in other organisations. An example of a forum template is the OECD Forum for Centres of Government; this is a good model in terms of pioneering issues.

5.6 Sponsoring innovation: the Revenue Commissioners

The current structure of Revenue was designed to allow for the emergence of innovation. Revenue has a federal organisation structure, with a clear constitution of operational instructions and codes of practice to guarantee consistency of treatment of taxpayers, balanced with significant discretion at local level to deploy resources, take new approaches (which may involve risk), and tailor approaches to local needs. The creation of the Regional Division and a Large Cases Division (LCD) moved senior management closer to operations, thereby facilitating decision making on new and innovative approaches without the restrictiveness of head office sanctioning decisions centrally. The existence of four regions, and the LCD working in parallel, provides space for the regions to

develop differing approaches and compare results. For example, the regions have successfully developed a number of local projects targeting industry groups in their areas (entertainment/hospitality in the east and south-east region, fishing in the border, midlands and west region, hairdressing and high-value cars in the Dublin Region, motor industry in south west region). Similarly, the LCD devised an innovative approach to building tax compliance among their taxpayer base using a co-operative compliance framework which encourages dialogue and closer interaction between Revenue and large corporates.

Subsidiarity is encouraged in Revenue. The general principle is that decisions are made by stakeholders at the lowest appropriate level, and carry-forward of devolution is inherent in the structure. Local Partnership Groups (LPGs), for example, are directly involved in promoting local compliance projects. Decisions do not go beyond the regional management team if the impact is purely local and there is no conflict with standing policy. The Management Advisory Committee (MAC) is a vehicle for approving organisational innovations that cross divisional boundaries. The MAC comprises nineteen members, the three Board members (Chair of the Revenue Commissioners and two fellow Commissioners) and sixteen deputy/assistant secretaries. The management/organisational structure allows innovative proposals to be brought before the MAC quickly from any division of Revenue, for example, the innovative initiatives of using integrated correspondence (iC) and call technology came from the east and south eastern region. IT Executive (ITEX) provides a specific forum for evaluation and recommendation of IT driven proposals and allows them to be factored into the overall design, architecture and budgetary policies. Cross-divisional groups are used to explore issues from a range of stakeholder perspectives and to identify solutions. For example, training sub-group developed a process by which University of Limerick now accredit Revenue training programmes to degree level. Networks, focussed on

particular operational areas or taxheads, serve to identify problem issues, share expertise and advance possible solutions.

These cross-organisational structures, the MAC briefings, operational networks and the Operations Management Group allow the lessons learned from these initiatives to be shared across the organisation. A close relationship between the Operations, Policy and Evaluation Division (OPED) and the regions (OPED attendance at regional management team meetings, networks and operations management group (OMG)) also helps ensure that innovation does not overstep the 'constitutional' boundaries thereby compromising Revenue through inconsistency. No specific change management fund exists but incentives include recognition, enhanced promotional opportunities (change and innovation are key criteria in internal competitions) and the use of Exceptional Performance Awards.

Party political programmes have limited impact on operations, due to Revenue's independence and the perennial nature of taxation. However, the annual Finance Bill cycle provides opportunities to bring forward proposals for change which require legislative amendment. The e-government agenda has helped sponsor and fund IT-driven innovation but, in practice, Revenue has essentially led rather than followed in this area.

5.6.1 Challenges

It is important to acknowledge that innovation has cost implications. In organisations, it is necessary to allow teams to pull back a bit from the 'coal-face activity' with time and space given to develop new projects. This includes having a small full-time organisational development resource that can work with any part of the organisation, where issues of concern are examined in an objective way and where opportunities for innovation or change are identified.

5.6.2 Key action learning points

Supportive top management attitude: A key factor in sponsoring innovation is that it has to be driven from the top, with a management attitude, which acknowledges that the status quo is never 'sacred' and everything is open to question and improvement. Likewise, it is important to have a management attitude that is open to prudent risk-taking and is tolerant of failure. These messages must be regularly re-iterated to drive an innovation mind-set in the organisation. In practice, the Management Advisory Committee (MAC) is the key forum for driving innovation and an obvious vehicle for approving organisational innovations that cross divisional boundaries. Given the size of the MAC (nineteen members), there is huge effort in its management with tight scheduling of meetings – 'A' and 'B' item agendas and a general briefing session which provides each member the opportunity to update on issues/ideas. Briefing items which are judged to require more detailed discussion are placed on the next agenda of the MAC.

Clearly articulated strategic objectives: According to Revenue, knowing what its business is and what its challenges are is a key driver of innovation and change. All of the major innovations in Revenue in recent years have been driven by concepts such as compliance management, whole case management, risk focussed resource development, and customer service. Articulating these strategic objectives very clearly can trigger recognition of a dissonance between what Revenue does and its objectives, thereby triggering innovations.

Training development and education: Developing and retaining a skill base is vital to Revenue's success. In particular, two successful initiatives which Revenue undertook to enhance its skill-base were: the accreditation of Revenue's established modular technical training programme by University of Limerick allowing for diploma

and degree standard awards, and the provision of an MSc degree in Dublin City University (DCU) developed in partnership between Revenue, DCU and tax practitioners which provides for higher level tax, technical and policy analysis skills.

Use of cross-organisational teams and working groups:

In particular, it is noted that cross-organisational teams, whether through networks or issue-driven working groups are a particularly powerful means of shining a spotlight on areas of potential change, improvement or innovation. The Organisation Review team, which developed the structural review and grade integration programme successfully implemented in the past few years, for example, was derived from the then Taxes, Customs and Excise and General Service areas to ensure that any, and all, of the assumptions and methods of each part of the old organisation would be open to challenge.

More generally, just as in Revenue, where the scope for a whole-customer approach was developed, it is acknowledged that there is also huge scope across the public sector for the adoption of a similar approach. The Reach, OASIS and BASIS projects recognise this approach but are geared towards grafting on a front-end interface to distinct and separate services, but there are also opportunities for much bigger innovation if services are engineered from a citizen/customer perspective. But the realisation of this objective will only materialise with the proper vision, driven not by recalcitrance but by strong leadership across the whole public service spectrum.

Scanning the horizon for latest developments: Revenue is good at monitoring scientific developments and identifying their application to improve its business. For example, exploiting its data warehouse technology provided a key foundation for a later fundamental organisational change by providing a consolidated view of customers;

scanning, integrated correspondence (iC) and screen-pop technologies, married with voice recognition and voice over the Internet protocol (VoIP) are driving innovations in how customer contacts are handled. The Information, Communications, Technology, eBusiness Division (ICTeBD) invests resources in regular technology scans to keep abreast of technological developments and identify opportunities for Revenue.

More generally, public sector organisations tend to be closely guarded fiefdoms and opportunities for cross-departmental innovation can too easily be seen as a threat to territory. Greater interdepartmental mobility, through promotion competitions and through re-launching the concept of a Senior Executive Service, might help drive a sense of shared-vision across the public sector and thus engender greater development of cross-departmental innovation.

More generally, the pace of environmental change is so great that organisations must continuously re-invent their organisations, approaches, processes in order to exploit opportunities. In particular, there is a need for public sector organisations to come together to brief one-another on innovations and ideas so as to identify opportunities for cross boundary co-operation. Forums such as the assistant secretary network and the change management network can help with this. The LINK magazine, by circulating news about change and innovation programmes, helps to stimulate a more widespread innovation culture. Showcases such as the Public Sector Excellence Awards also serve to stimulate an innovation culture.

5.7 South Dublin County Council

5.7.1 Background

There are over 1,600 people working in South Dublin County Council (SDCC). The council has €3.7 billion in assets and a budget of €500 million in 2006. The corporate mission is ‘the provision of open, effective, inclusive and

participative local democratic processes together with best quality services, facilities and supports which sustain, improve and promote the social, environmental, cultural and economic fabric of South Dublin County Council for all who live, work and visit here' (SDCC, 2006b). As highlighted in Figure 5.7 below, the council has restructured to enable greater flexibility and cross-functional working, through division of the management team into three clusters/teams.

- Cluster A: Managing the changing physical place (roads, development, planning and services);
- Cluster B: Managing organisational change (finance, corporate, human resource and information technology) and
- Cluster C: Measuring the council's impact on quality of life (housing, legal, community and environment).

The role of the Organisational Change and Modernisation Team is to support the business and organisational changes necessary in achieving the corporate mission outlined above. Partners in the change process include elected members and the extended management team and stakeholders incorporate citizens, customers, staff, the Minister for the Environment, Heritage and Local Government, associated boards, bodies, groups and community organisations.

The Organisational Change and Modernisation working group provides a support framework for projects and initiatives and ensures that these are aligned with the corporate objectives. Recent developments that underpin this programme include significant investment in staff, training, document management systems, hardware and software, enabling SDCC to rapidly deploy and utilise these resources to impact on high quality service. For example, there has also been successful redeployment of staff from various departments to the Customer Care Centre as a

result of changes in work practices. PMDS will provide a framework to support and facilitate change. E-working will provide opportunities for staff to work effectively from home by interacting online with customers, colleagues, members, application systems, databases and document management systems. The partnership process provides opportunities for the council to maintain its focus on customers and quality service delivery. (SDCC, 2006b)

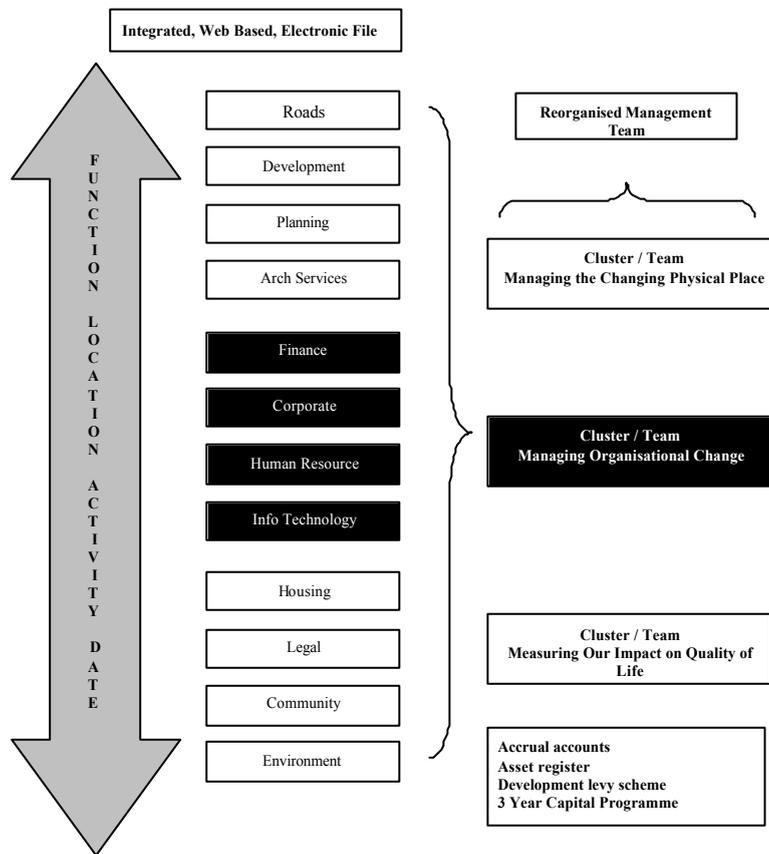
Recent projects employed in day-to-day operations include the customer service desk project, Council Meetings Application System (CMAS), Agresso financial management system, Pressnet (dedicated website for members of the media), Membersnet (dedicated website for public representatives), 'Engage' Time and Attendance System, eDoc's (system for Manager's Orders), iDoc's (electronic document management system) and Roadmap (roadworks application and monitoring system for utility companies) (SDCC, 2006b).

The main factors influencing change in South Dublin County Council include: an 'excellence' approach to customer service provision, an open attitude to team-working and partnership, employee involvement in PMDS and operational plans, family-friendly policies, technological advances that support the use of web-enabled geographical maps to simplify data accessibility and connectivity and provide ease of interrogation and an innovative approach to customer service provision. (SDCC, 2006c)

As outlined below in Figure 5.8, the PMDS system captures what SDCC is trying to achieve with regular meetings between the county manager and the directors of the clusters (for example, the county manager meets one director from each cluster every first/second Tuesday of the month and, moreover, meets all twelve directors on a one-to-one basis once a month). The county manager drives the change programme by dividing management into cluster groups with an agreed agenda and strong focus on service

to the areas. The objective of all the change is to deliver on promises outlined in council policy documents and to ensure that the customer is the primary focus of service delivery.

Figure 5.7 South Dublin County Council's Approach to Harnessing Staff and Information Resources



Source: South Dublin County Council, 2006

As outlined in Figure 5.8, the browser-based system improves customer interaction (by phone, in person, web, e-mail and elected members). There is a constant process of measuring, monitoring and managing the system in place, underpinned by the PMDS system because it was noted that unless the structure of the organisation changed, innovation would not happen in isolation. An example of an innovative approach to planning a new town is being developed in Adamstown. This involves taking a more holistic approach to planning and developing a new town. For example, streets are being built instead of roads, quality of life issues are paramount in the design of the town; land and spatial strategies are central to the design and layout of the town with services and amenities clearly delineated/specified at the planning stage.

5.7.2 Key action learning points and barriers overcome

Best practice in change management is employed by SDCC, with clear objectives set out, an open communication policy across the organisation, stakeholder buy-in at all levels, top level support for innovation and change and adequate resourcing of change. Planning and consultation of the change process and progress is regularly mapped, communicated and appreciated. Management must drive any change agenda and whole-hearted appraisal is required to decide where the organisation is going. Kotter's (1995) seminal article *Leading Change: Why Transformation Efforts Fail*, is a good blueprint for organisations in their innovative endeavours, in terms of the steps he advises organisations to take when implementing change: to keep the vision simple, create a sense of urgency, define time on projects being undertaken and outline the key steps on the way from concept to delivery. Culture change is the biggest challenge to innovating in the public sector, and keeping pace with technological developments. In general it is also advocated that a sense of urgency is needed to be soaked up by the

entire public service to change from a paper-based system to a browser-based system (electronic data management systems).

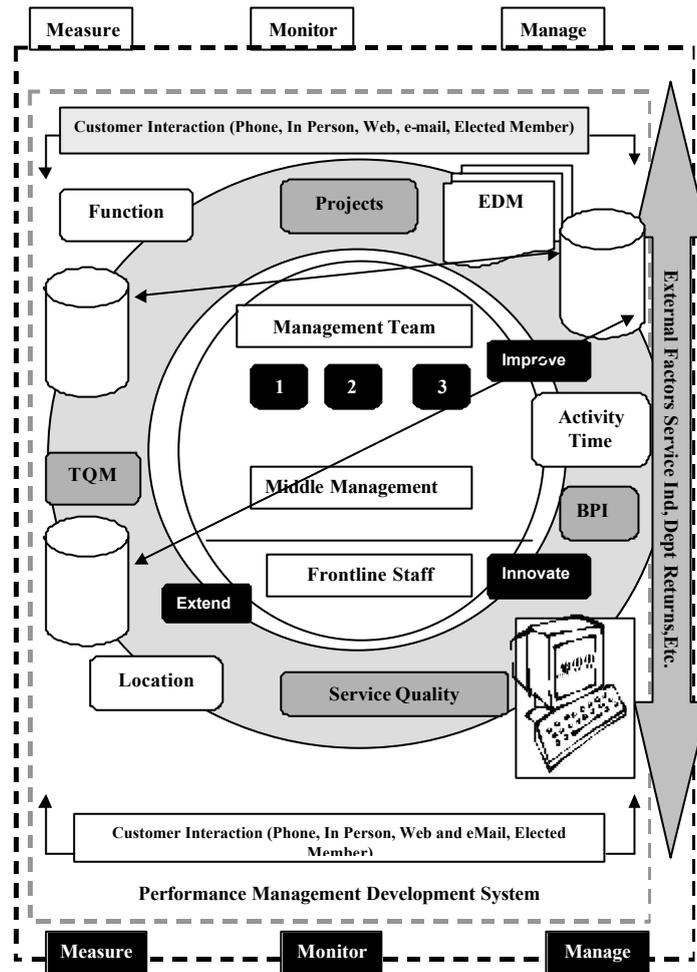
In SDCC difficulties in communicating the message of change are overcome by use of partnership communications and by mentoring individuals to change the process. It is also considered important for cost effective and efficiency reasons to use a browser system for information needs, data management and e-documentation requirements in such a large organisation. In terms of organisational change, in the future it will be important to deepen the communication channels to ensure successful implementation of the changes and develop innovation further.

In practice, it is observed by management at SDCC that public sector managers are managing a diverse number of elements: information, forward planning requirements, finance and knowledge. This obviously on occasion will lead to erroneous outcomes due to overload, but it is important to acknowledge success and failures in the public sector to enable innovation to happen. In terms of encouraging innovation, the management team instigated a performance management system consisting of 360 degree feedback from colleagues which showed strengths and weaknesses for each individual manager. In SDCC, the organisation has strategic training and PMDS linked to the overall ICT vision and this has helped pioneer further change.

5.7.3 Recommendations

Overall, it is advocated by management at SDCC as best practice that management in other public sector organisations should adhere to Kotter's (1995) seminal article *Leading Change: Why Transformation Efforts Fail*, as a good blueprint for organisations in their innovative endeavours.

Figure 5.8 Managing Change and Innovation in South Dublin County Council



Source: South Dublin County Council, 2006

5.8 Instigating an innovation awards programme - IBM Ireland

Companies like IBM have quantified the benefits of innovation. 'One of the things IBM is concentrating on worldwide is innovation. Like Ireland itself, IBM is moving up the value chain. The company used to be in hardware, then software, and is now moving towards services. So we are trying to engage all employees in innovation' (Alex Ingle, strategy development and innovation manager, IBM Ireland cited in Gabrielle Monaghan's article *The Irish Times* Friday, May 19th, 2006).

IBM Ireland has initiated an *Innovation Awards Programme* to give recognition to employees who generate new business opportunities or generate fresh ideas for saving money or time. One employee saved IBM, in Dublin, €50 million in potential liability costs by upgrading an automatic planning system that forecasts orders from the company's suppliers. This idea helped trace discrepancies in the system that could have led to costly forecasting errors with suppliers. The revised planning system reduced errors from 77.5 per cent to 2.5 per cent. This concept led the employee to be chosen as the overall winner along with winners in five separate categories at the inaugural *Innovate Ireland Awards*, IBM Ireland's new employee initiative. Another employee won an award for teamwork after automating manual transactions which saved the company 250 man-hours in the fourth quarter. This concept will be rolled out to freight leaving IBM in Dublin for the Asia-Pacific region, a move that will save the company approximately 4,000 man hours annually. It is also proposed to introduce the programme to other IBM sites, thus leading to further potential for reducing manual transactions globally (Monaghan, 2006).

IBM allocates awards for the best ideas in terms of innovation in five categories on a quarterly and annual basis. The categories are as follows: shareholder value - for ideas that help contribute to IBM's profits; customer

satisfaction; technical; teamwork and people – for concepts that have a positive impact on employees such as improvements in communication, work-life balance or diversity. IBM Ireland initiated the Innovation Programme a year and a half ago, with the establishment of a team of ‘Think-Place catalysts’, who encourage staff to enter ideas on how to improve the business into a ThinkPlace database. For example, following monthly departmental meetings, departments enter ideas into the ThinkPlace database. The ‘catalysts’ are staff who work part-time on the Innovation Programme in a voluntary capacity, review ideas, and work with employees to bring these concepts and ideas to completion. IBM has 300 Thinkplace Teams worldwide. According to Ingle, ‘the whole idea of the innovation programme is to allow people to feel encouraged to be innovative. To come to work and think about how they could do things differently, such as engaging in incremental process improvements, the engineering process, or even think about new product development ideas or new businesses’ (Alex Ingle cited in Gabrielle Monaghan’s article *The Irish Times* Friday, May 19, 2006).

According to a 2005 global survey of 800 companies by Arthur D. Little, innovation can boost a company's profit margins by an average of four percentage points. Rewarding staff for bright ideas is noted as a way to boost a company’s profitability and to also motivate employees. The study notes that innovators in the top 25 per cent are getting 10 times more output than those in the bottom 25 per cent and this has led companies globally to target untapped potential in a bid to improve profit growth through innovation management (Monaghan, 2006).

5.9 Conclusion

In this chapter a number of case studies highlighted the importance of leadership in driving the innovation process and in instigating the necessary changes to successfully encourage innovation projects. Creating a supportive

environment to enable individuals to take prudent risks by ensuring support from management during successes and failures was deemed important to ensure innovation occurs in the public sector. The development of effective reward systems and further development of the PMDS system to include PRP were seen as major drivers for innovation in the public sector in the future. The necessity for a confidential shared learning forum (A Practitioners' Forum) was advocated by the organisations consulted, to enhance innovative cross-organisational collaborations, sharing of knowledge (latest developments, technical and non-technical knowledge and proposals) and experience (both lessons from successes and failures) of innovating in the public sector.

Conclusions and recommendations

6.1 Introduction

This study attempts to assess the critical factors necessary for public sector organisations that are implementing innovation programmes. The research also identified the critical steps and cultural change needed of government departments and public sector organisations in order to more effectively benefit from, and develop, innovation potential. The study also seeks to provide a useful guide to organisations undertaking innovative initiatives by learning from good practice case studies. The major challenge for the public sector is to develop a culture of innovation, to move from ad hoc initiatives to developing a comprehensive strategy for innovation, underpinned by funding arrangements, by leadership from senior management, and by reward for managers who lead by example, who drive innovation and who provide support for staff when they encounter project success and failure. The development of a reward system for innovators should percolate specifically through the PMDS system. The need for this has been given further impetus by the proposed linkage of the PMDS and Performance Related Pay. The roll-out of the decentralisation programme and further developments in the HR, financial management and knowledge management areas will also shape the innovation agenda in the public service over the coming years.

6.2 What is innovation and why it is important?

Chapter Two of this study sought to emphasise that innovation is a widely used term, but one that seems to give rise to ambiguity in a public sector context. In part this would appear to be because there is a myriad of definitions

of innovation applying to business models but very few specifically defined for a public sector context and, secondly, the parameters for implementing innovation in a public sector context are quite different to those operating in the private sector. As Mulgan and Albury (2003) suggest successful innovation is 'the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes efficiency, effectiveness or quality'. To achieve this outcome requires a number of critical factors to be put in place.

6.3 The benefits of innovation

Innovation is important as it enables public sector organisations to be more efficient, effective in terms of resource usage and quality oriented in terms of service delivery. Companies like IBM have quantified the benefits of innovation. IBM Ireland has instigated an Innovation Awards' Programme to give recognition to employees who generate new business opportunities, or generate fresh money saving ideas or time-saving ideas. One employee saved IBM in Dublin €50 million in potential liability costs by upgrading an automatic planning system that pre-forecasts orders from the company's suppliers. Correspondingly, a global survey of 800 companies by Arthur D. Little (cited in Monaghan, 2006) found that innovation boosts a company's profit margins by an average of four percentage points. Rewarding staff for bright ideas is noted in his work as a way to boost a company's profitability and to also motivate employees. The study notes that innovators in the top 25 per cent are getting ten times more output than those in the bottom 25 per cent and this has led companies globally to target untapped potential in a bid to improve profit growth through innovation management (Monaghan, 2006).

Similarly, in the public sector, the development of similar benchmarks and meaningful indicators for

innovation measurement would also support organisations' endeavours in garnering funding for innovation projects, by demonstrating the benefits to funding bodies through a standardised and meaningful set of innovation indicators specifically for public sector organisations. Bartos (2003) suggests that successful innovation is not a one-off effort but needs to be accompanied by review, fine-tuning and correction of past mistakes. The provision of meaningful indicators for public sector organisations would ensure that the organisations that have produced the best results through innovations would be rewarded in terms of resource allocation and improved funding, and be given preferential treatment when rolling-out further innovations, thereby rewarding success and mitigating risks of failure.

6.4 Overcoming obstacles

As emphasised earlier in this study, one of the major challenges in implementing and managing innovation is to change the culture in the public sector to ensure that it is less ad-hoc initiative-led and lead to more comprehensive development of innovation across the public sector. There is generally a reluctance by management to take risks in relation to committing funding to innovative initiatives. There is a need to develop a more supportive financial and non-financial support framework to innovating organisations and individuals, noting that those who succeed may also encounter failure in their endeavour to provide more efficient, effective and meaningful service delivery to customers. It requires serious management commitment and drive to overcome the costly legacy of past mistakes but it is important to acknowledge and learn from failure. The further development of PMDS and linkage to PRP will provide a powerful tool for rewarding innovators in the future. The development of a discussion forum for practitioners to overcome the isolation factor and lack of appropriate networking opportunities in the public sector was also highlighted as a major factor in driving the

innovation agenda forward.

6.5 Key action learning points

Based on the evidence from the case-study organisations reviewed in this study, a range of action learning points emerge relative to innovation. These action points can act as a guide with which to develop specific organisational initiatives:

- Innovation needs to be driven by senior management and supported by management in times of success and failure.
- A feasibility study of innovative projects should be undertaken at the outset to ensure core-funding. A consultation programme with stakeholders should also be conducted to ensure effective implementation.
- Encouragement of innovation reward schemes or exceptional performance awards at all levels will engender an innovative culture in the organisation.
- Further develop PMDS to encourage innovation and change by linking it to PRP. Also provide promotional opportunities, by ensuring that line managers identify staff in their sections for future promotions, and, moreover, provide for additional annual increments to exemplars of innovation.
- Develop a comprehensive, rather than an ad-hoc approach, to innovation across the public sector through a systemic Practitioners' Forum for innovators, change managers, who are developing or implementing innovative initiatives across the public sector. Confidentiality is paramount to development of the forum, to provide a safe environment for practitioners to discuss successes and failures in the development of innovative projects and initiatives. The suggestion for a practitioners' forum originated from the Revenue Commissioners and was supported by all organisations

interviewed. Key informants suggest this forum should be outside of funding bodies or departments and more a practical exchange of information and knowledge sharing rather than a policy think-tank.

- Establish innovation indicators for organisations to meaningfully compare innovation across the public sector. Performance or service indicators do not provide a sound basis for comparison of the extent of innovation undertaken in organisations, nor do they meaningfully provide a true comparison of one organisation to another. There is a need for an assessment mechanism which would aim to measure the extent of innovation in the public sector. It would classify and apportion a weighting scale of accrual of efficiencies when devising funding proposals to central departments.
- Structural obstacles and the cultural challenge should not be underestimated. Development of a supportive entrepreneurial and innovative culture where successful innovation is rewarded and management supports individuals in times of failure will enable lessons to be learned without individuals being undermined for their risk-taking. Perhaps a risk neutral attitude should apply to innovative project development in the public sector as opposed to the prevailing situation of a risk averse attitude?
- It is important to acknowledge that innovation is costly. It is necessary to allow teams to pull back to an extent from activities at the 'coal-face' to provide time and space to develop new projects. Dependent upon the organisation structure, innovation occurs in some organisations organically, with the use of cross-functional teams, work flexibilities, reward schemes and various incentives. In other organisations a small full-time organisational development resource works with any part of the organisation to examine issues of concern in an objective way and identifies opportunities

for innovation.

- Similarly, it is important to invest resources in regular technology scans to keep abreast of technological developments and identify opportunities for the organisation.

6.6 Implications for further research

The issues explored in this study highlight a number of challenges and conflicts which arise in the attempt to develop the innovation agenda in the public sector. In view of the broad range of issues considered, it was not possible to consider certain issues in detail. For example, the role of structural change throughout the public sector would warrant more detailed examination to gain a fuller understanding of the issues involved.

The study highlights a number of areas which would provide a basis for further research. While the case studies examined here provide an insight into innovative initiatives, it could be argued that their experiences may not reflect the challenges which other public sector organisations may face. A more in-depth exploration of the experiences and views of other organisations in the public sector in relation to innovation and change would add greatly to the research in this area, of which there is a current dearth.

The issue of culture emerged as a recurring theme throughout the findings. The study suggests that management attitudes to risk management and tolerance towards failure merit further research in terms of their impact on developing an entrepreneurial culture in the public sector.

Finally, this study suggests that innovation literature may not deal comprehensively with the challenges involved in incorporating innovation and risk management into the business planning process in the public sector. For example, there is a lack of measurement data for organisations to plan innovation and to assess efficiencies

and the effectiveness of innovations implemented. This study suggests that this is an area in which there may be considerable scope for further research.

6.7 Concluding remarks

This study has sought to enhance understanding in relation to innovation in the public sector and also provide lessons from initiatives implemented to date in the Irish public sector. 'What we need now is the entrepreneurial imperative. Innovation has to be the end in itself if we want to survive. It's not sufficient any more to see innovation as a means to an end. It has to be built into everything we do' (Professor Klaus Schwab, Founder and executive chairman of the World Economic Forum cited in Marc Coleman's article in *The Irish Times*, Friday, May 12, 2006). The challenge now for the public sector is to develop an innovation culture underpinned by a comprehensive innovation strategy, to provide a supportive environment that will develop 'enterprising leaders' for the modern public sector rather than 'loose cannon-balls'.

NOTES

1. See Roberts and King, 1989; Osborne and Flynn, 1997; Van de Ven et al., 1999.
2. Borins (2000) analysed two samples of the best applications to the Ford Foundation-Kennedy School of Government (Ford-KSG) Innovations in American Government Awards Program from 1990 to 1994 and 1995 to 1998, to see whether they fit the deLeon-Denhardt-Terry image of public management innovators as loose cannons and rule breakers, or Behn's counter image of enterprising leaders. He concludes that 'this evidence from the Ford-KSG awards paints a picture of public-management innovators that is far closer to Behn's vision of enterprising leaders taking astute initiatives than it is to Leon, Denhardt and Terry's loose cannons, rule breakers, self-promoters, power politicians and manipulators of public authority for private gain' (p.506).
3. See, for example Damanpour et al 1989; Damanpour and Gopalakrishnan, 2001.
4. See Olsen, 1992; Powell and DiMaggio, 1991; Halversen, 2005.
5. The bodies include Bord Iascaigh Mhara, Broadcasting Commission of Ireland, Central and Regional Fisheries Boards, Commission for Energy Regulation, Digital Hub Development Agency, the Marine Institute and Sustainable Energy Ireland.
6. Section D of the survey covers: organisational and technological change, technology transfer, new management practices and business incubation services; an organisational change question was introduced in 2000 and a technological change question was included in 2000 and revised to include the option of leasing new technologies in 2002; technological use (electronic networks for information sharing) was inserted in the survey in 2001; and public sector technology transfer question was introduced in 2003.
7. According to the Courts Service, eleven judicial review cases have been admitted to the list, while nine others relate to alleged breaches of intellectual property law.
8. During the period June 2004 (launch of DEPS) and end of September 2005 only 25,820 (51.6%) of the 50,077 deaths registered have been validated (through Personal Public Service Number (PPSN)). In March/April 2005 the Department of Health General Register Office (GRO) met with all Superintendent Registrars to stress the importance of capturing the Personal Public Service Number (PPSN) at time of registration of a death. A significant improvement in the number of validated deaths registered was noted in April 2005 (75.2%) and May 2005 (68.6%). However since then the

number of validations has dropped to 45.6% in September 2005. There is no follow-up procedure in place for registered deaths that have not had a valid Personal Public Service Number (PPSN) matched by Department of Social and Family Affairs (DSFA). The Death Event Publication Service (DEPS) can facilitate amendments at a later stage but registrars seem reluctant to follow up as a death certificate will have already issued (see table 5.3). Not all public service organisations are subscribers of DEPS. The Local Government Computer Service Board is a subscriber but it is yet to be rolled out comprehensively to local authorities.

9. The Civil Registration Act 2004 places a duty firstly on a relative of the deceased (whether by blood or by marriage) who has knowledge of the required particulars in relation to the death and who is not incapable of complying with these procedures by reason of ill-health to register the deceased's details within three months of the death. If no such relative exists, a qualified informant must register the death.

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