

Is public sector innovation possible?

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Bureaucracy is the enemy of change agents within governments, argues Meir Pugatch

Innovation and bureaucracy do not get along very well. Ever since Weber described the optimal structure and foundations of the public sector - as far back as 1922 - it has become evident that bureaucracy will rule supreme. Over the years we have also learned that bureaucracy tends to multiply itself and that the Parkinson principle is always correct – in other words, that bureaucracy would always seek to disaggregate its functions.

As such, a task that can essentially be completed by one person would be allocated to two people and hierarchy is an excellent way to further complicate the streamlining of services, no matter how simple they could be. Innovation, on the other hand, is much more chaotic and unpredictable. While bureaucracy seeks to formalise the operations of the organisation, innovation seeks to disrupt them.

Where bureaucracy is ego-centric, focusing on the internal needs of the organisation, innovation is much more open to the outside world. If bureaucracy celebrates the services and products that are provided by the organisation, innovation tends to question them. The list goes on.

So how can the public sector be more innovative in the services it provides? Unfortunately, in most cases, the public sector will fail. It will fail because there are no costs attached to this failure. When private companies are losing their innovative edge they will be punished by the market - they will lose their market share and may even go bust. Companies that want to survive must innovate. It is a simple but cruel truth.

But when the public sector fails, there are no real costs - not least since we are talking about a monopoly of services, which cannot and shall not be replaced. Politicians and high level officials may pay a personal price for such a failure, but bureaucracy will ultimately prevail. Anyone who has ever watched the TV show *Yes Minister* would probably agree.

So, is there no hope? Not necessarily. Some measures may be taken which give at least a chance for the public sector to become more innovative and may even lead to some concrete outcomes. The European Union is particularly adamant about the need to maintain competition between different entities operating in the private sector. But much less emphasis has been given to the need to enhance competition in the public sector. Yet the same rules can apply in this case as well.

The European Commission emphasizes the need to deal with monopolistic companies effectively, not least by opening the market for entry to other companies. Why not do the same in the public sector, in a more structural way? History suggests that, when faced with competition from the private sector - such as in the case of telecommunications, postal services, transportation and water supply many public sector organisations have risen to the challenge.

Services were improved, divisions became more efficient, technology was adopted and adapted more quickly and the knowledge and expertise of these organisations were put

to a much better use. The UK government is attempting to apply this logic to healthcare services with its Health and Social Care Bill. Although, the legislation is currently on hold due to controversy over what it may mean for the future of the NHS.

Big organisations with big bureaucracy will always be resistant to change. In order to facilitate and enhance innovation, change agents must become an essential part of the organisation. There are many conditions and caveats for successfully incorporating change agents - other than just using them as lip service. For example, they must enjoy the full support and clout of senior management. But if and when they are used properly, change agents can work effectively.

The British Department of Business and Innovation has been entrusted by the government to facilitate more innovative behaviour and performance in the public sector. This is far from an easy task, but some projects and processes have already been successful. And some regions in Europe seek to go even further in understanding how innovation in the public sector can be measured and ultimately improved. The Nordic research project "Measuring innovation in the public sector in the Nordic countries" provides a good example of such an ambition.

Every time a government computer tells me that I am not who I say I am, I want to scream. But technology is also a formidable force for change. If used properly and sensibly, it can revolutionise the way that services are being provided in Europe. Be it in the case of health records, driving licenses or change of address - the public sector can truly innovate in its services by adopting a more technology-friendly approach.

But the use of technology should first and foremost focus on the needs of the user, and only afterwards on the needs of the body in question. As such the public sector should focus on the adoption and adaptation of technologies that can simplify the services being provided to the public and to make them more efficient. At the end of day, most of us still want to live with a public sector that provides for our basic needs – security, public health and transportation.

We are also willing to endure the fact that the public sector is generally less innovative than the private sector because we believe certain functions should be provided for the common good. Yet this does not mean that the public sector cannot improve. With sufficient and candid effort, new islands of excellence in public service will emerge. And they can be used as role models to spread best practice across the EU and beyond.

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