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TOWARDS INNOVATIVE PUBLIC SERVICES

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

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Final Report



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Disclaimer

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

Keywords

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

Preface

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

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

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

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

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



Paulette Lenert
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PART1 - Introduction

1.1 Context of the study

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

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

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

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

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

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

1.2 Main objectives and research methodology

The following objectives have been set for the project:

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

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

The underlying philosophy of the project is to foster the European public administrations' innovation capability¹ (as a core concept in our overall framework) in delivering public value and citizens outcomes according to the principles of open government. In this regard, the pursued innovation *value chain* may be summarized as follows:



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

¹ A *capability* describes the organization's ability to deploy resources to achieve a desired outcome

1.3 Key Definitions

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

Innovation (in the public sector)

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

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

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

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

Innovation capability (IC)

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

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

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

Public Value

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

Open Government

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

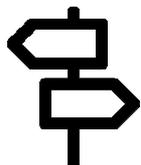
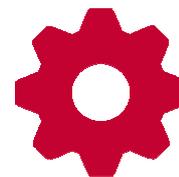
Transparency is linked to trust which in turn is linked to accountability. Considering information treated and produced by public organizations as part of the public domain (Chapman & Hunt, 1986), trust and accountability are vital since they increase the legitimacy and security of data processing. Being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

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

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

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

1.4 Human resource Management Trends



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

Managing change and cultural transformation

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

Managing demographics

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

Well-being and health management

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

Ethics and social responsibility

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

Employer branding to foster its attractiveness

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

Knowledge Management, becoming a learning organization

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

Commitment enhancing practices

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

Performance management, rewards and recognition

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

Rethinking leadership competences and styles

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

Training and employability

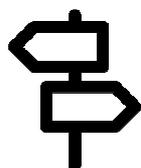
Investment in people (such as training and continuous development) will enhance the employability of staff, and therefore increase their chances of being hired within other governmental sectors or outside the public sector. Furthermore, investment in ongoing training addresses one of the crucial expectations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

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

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

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

1.5 Public Service Delivery Trends



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

Improve public service delivery efficiency

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

A new Public Value expected

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

Transparency and Accountability as increasing expectation

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

Participation and collaboration

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

Collaboration and transverse Organizational Design

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

A Digital Revolution

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

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

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

PART2 – A framework for innovation

2.1 The conceptual framework – holistic approach

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

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

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

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

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

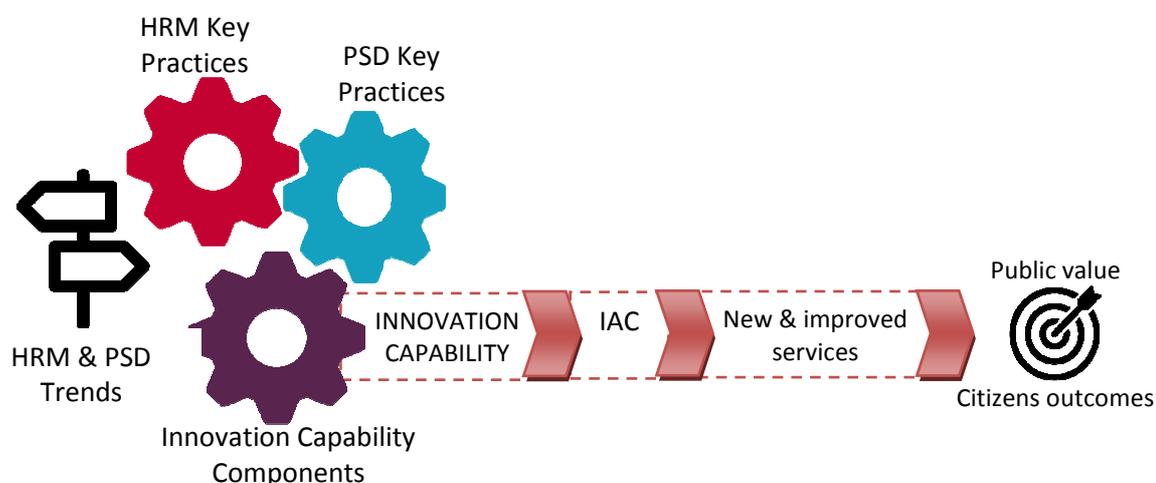


Figure n°1: New framework for innovation

2.2 Innovation Capability Component: CULTURE

2.2.1 Added Value from PSD practices



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

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

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

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

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

PSD Practices

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

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

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

2.2.2 Added Value from HRM practices



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

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

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

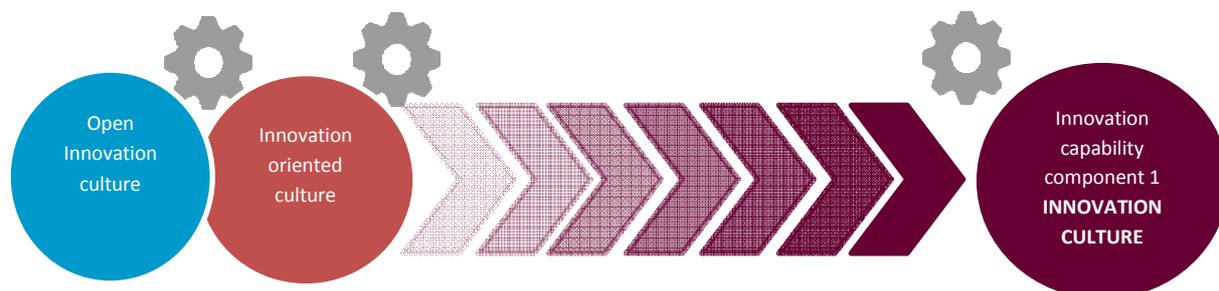
HRM Practices

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

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

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

2.2.3 Mirror effect for the Innovation Culture component



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

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

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

2.2.4 Inspiring practices illustrating this component

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

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

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

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

According to key PSD activities

- ✓ Organisational values consistent to innovation

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

- ✓ Building partnership with innovation lab

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

- ✓ Promote & manage a risk culture

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

With mirror effect from key HRM activities

- ✓ Organisational slack and experimentation

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

- ✓ Staffing for innovation

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

According to key HRM activities

- ✓ Organisational slack and experimentation

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

- ✓ HR policy and chart and strategic alignment

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

- ✓ Collective appraisal/rewards and recognition for innovation

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

- ✓ Staff for innovation

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

- ✓ Distributed heroism towards innovation

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

With mirror effect from key HRM activities

- ✓ Promote and manage a risk culture

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

- ✓ State organisational values consistent to innovation

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

- ✓ Build partnership with innovation

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

2.3 Innovation Capability Component: LEADERSHIP

2.3.1 Added Value from PSD practices



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

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

PSD Practices

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

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

2.3.2 Added Value from HRM practices



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

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

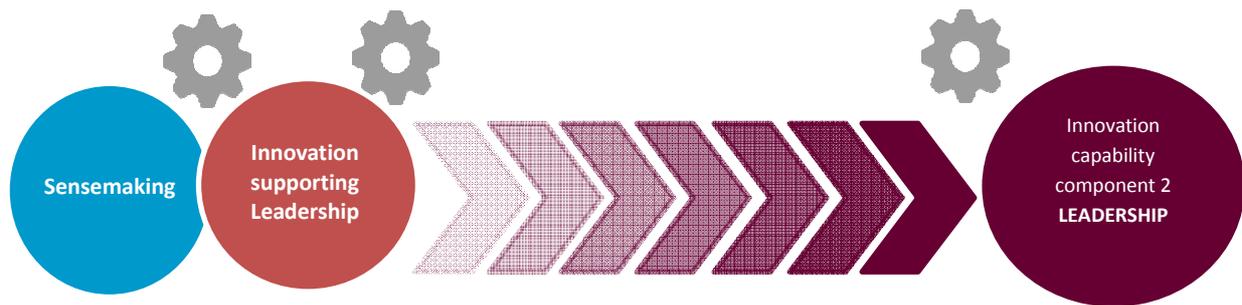
By facilitating entrepreneurship, supporting change processes and empowering people, the so-called transformational leaders play a key role in innovation, also in the public sector, where the culture is commonly described as risk-adverse and routine-oriented (see above). Furthermore, ethical leaders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

HRM Practices

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

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

2.3.3 Mirror effect for the Leadership component



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

2.3.4 Inspiring practices illustrating this component

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

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

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

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

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

According to key PSD activities

- ✓ Fostering a shared understanding

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

- ✓ Collective Observations and discussions

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

According to key HRM activities

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

- ✓ Ethical leadership

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

✓ Ensuring learning from actions

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

With mirror effect from key HRM activities

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

trust they need to develop with partners.

With mirror effect from key PSD activities

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

2.4 Innovation Capability Component: EXPERT KNOWLEDGE

2.4.1 Added Value from PSD practices



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

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

PSD Practices

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

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

2.4.2 Added Value from HRM practices



Knowledge is socially constructed and context-specific, and should then be managed locally, within communities of practices. In order to avoid de-embedded processes, it is important to note that knowledge and practices are closely coupled (Ferguson et al., 2013). Since the knowledge produced within one organizational setting is context specific, organizations need to found their innovation strategy on that know-how, created through interactions and sharing between organizational constituencies. Knowledge sharing is a social process and supposes interactivity during everyday

practices. According to Gressgard et al, employees possess idiosyncratic in-depth and highly context-dependent knowledge, which must be shared and utilized in order to boost innovation. Therefore, employees should be empowered to share their knowledge in their daily business, supported by managers, and by IT-systems like internal social media/networks (Gressgård, Amundsen, Merethe, & Hansen, 2014). Knowledge-sharing is mainly a voluntary process (extra-role behaviour, supported by so-called organizational citizenship behaviour, OCB (Organ, Podsakoff, & MacKenzie, 2006), which requires commitment. Again, it is a social exchange (providing and receiving knowledge) and a collective effort (Camelo-Ordaz, García-Cruz, Sousa-Ginel, & Valle-Cabrera, 2011).

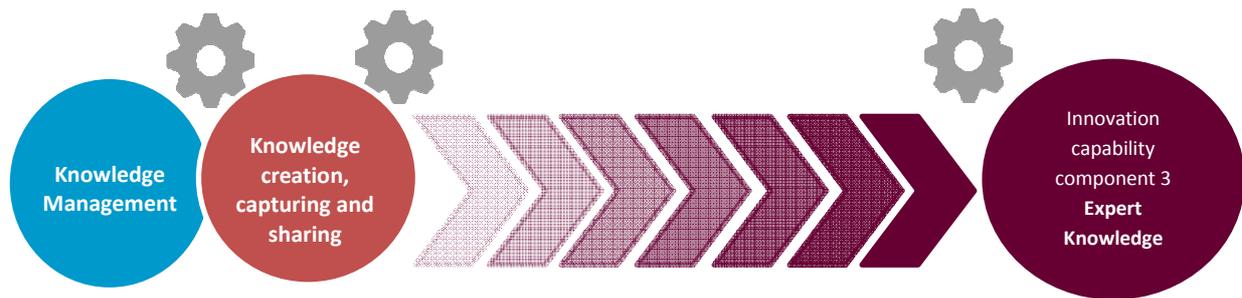
“Moreover, HRM that promotes contact and cooperation between employees will facilitate knowledge transfer, which is a fundamental requirement for innovation. Therefore, an employee development approach will both foster trust in the organisation as well as the organisation’s commitment to its employees”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

HRM Practices

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

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

2.4.3 Mirror effect for the Expert Knowledge component



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

2.4.4 Inspiring practices illustrating this component

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

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

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

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

According to key PSD activities

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

According to key HRM activities

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

✓ Knowledge creation

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

✓ Improving accessibility to information and knowledge

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

With mirror effect from key HRM activities

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

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

✓ Training

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

With mirror effect from key PSD activities

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

2.5 Innovation Capability Component: STAKEHOLDERS ENGAGEMENT

2.5.1 Added Value from PSD practices



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

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

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

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

PSD Practices

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

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

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

2.5.2 Added Value from HRM practices



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

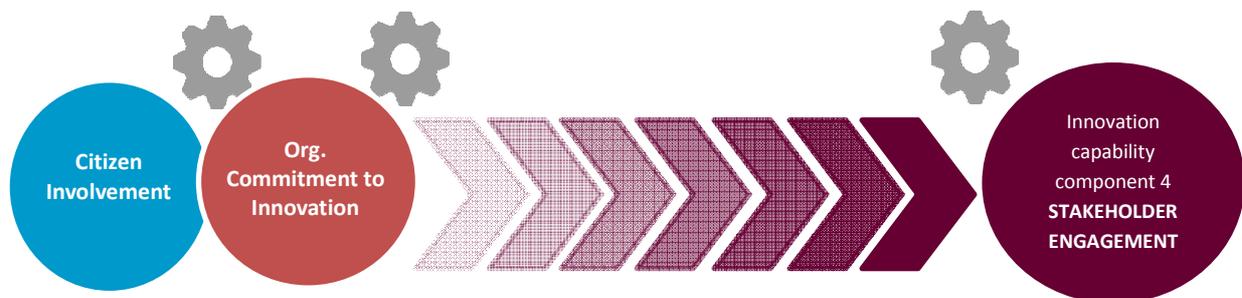
Dubouloz analyses the six most frequently cited commitment-enhancing HR practices which have been proven to be a lever for innovation: training, communication/information sharing (formal and informal), rewards (financial and non-financial) and participation/empowerment, but also organizational support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

HRM Practices

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

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

2.5.3 Mirror effect for the Stakeholder engagement component



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

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

2.5.4 Inspiring practices illustrating this component

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

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

CHANGE² - City of Mannheim - Achieving more together", was initiated in 2008, out of a lack of strategic direction and significant budget shortfalls, to create "one of the most modern municipal administrations in Germany by 2013".

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

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

According to key PSD activities

- ✓ Foster the Openness

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

- ✓ Encourage the Inclusiveness

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

- ✓ Be Citizen centric

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

- ✓ Develop the Coproduction of public services

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

With mirror effect from key HRM activities

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

According to key HRM activities

- ✓ Information sharing and communication.

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

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

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

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

- ✓ Participatory control practices

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

- ✓ Job security and organizational support

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

With mirror effect from key HRM activities

CHANGE² aims to develop a better model of shaping city society by improving democracy within the city council, promoting participatory approaches with citizens and developing the city in partnership with universities and businesses. Mannheim's inhabitants display an above-average level of civic involvement and receive support from the city. The city develops new forms of actions for the civic commitment.

2.6 Innovation Capability Component: INNOVATIVE WORK DESIGN

2.6.1 Added Value from PSD practices



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

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

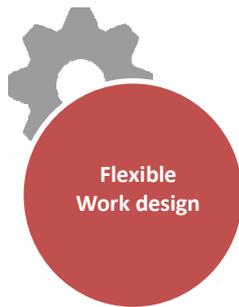
By creating free knowledge flows, they improve internal capacities for knowledge management. They contribute to trust by reinforcing accountability through the symbolic power of the “public space” where all participants can be rated and held accountable, and by communicating results (OECD, 2009). Internet-based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

PSD Practices

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

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

2.6.2 Added Value from HRM practices



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

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

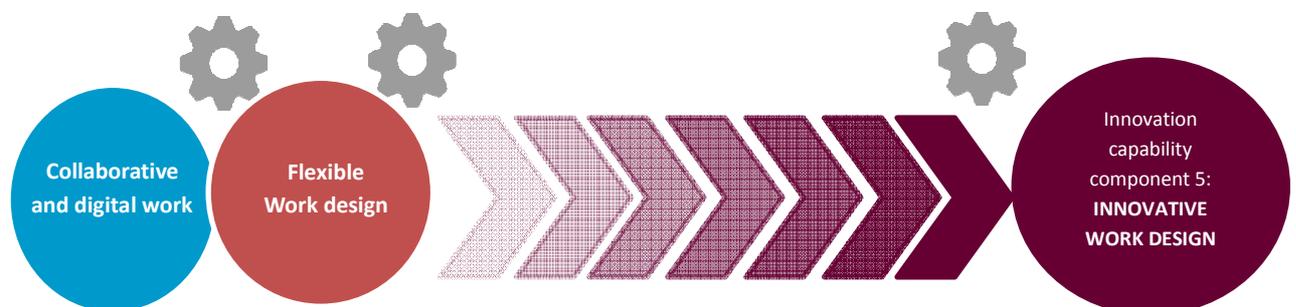
Again, TQM-based HR practices exert a positive impact on innovation-oriented behaviors. These practices encompass, among others, teamwork, and the elimination of barriers between departments, multiple roles, and inter-functionality (Perdomo-Ortiz, González-Benito, & Galende, 2009). These are all practices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

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

HRM Activities

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

2.6.3 Mirror effect for the Innovative Work Design component



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

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

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

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

2.6.4 Inspiring practices illustrating this component

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

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

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

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

According to key PSD activities

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

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

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

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

With mirror effect from key HRM activities

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

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

According to key HRM activities

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

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

✓ Empowerment, decentralization, responsabilization / Flexible work-time

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

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

With mirror effect from key PSD activities

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

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

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

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

office, with families and on the road

✓ Team work and organizational agility

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

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

2.7 The full integrated model - Fostering innovation capability

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

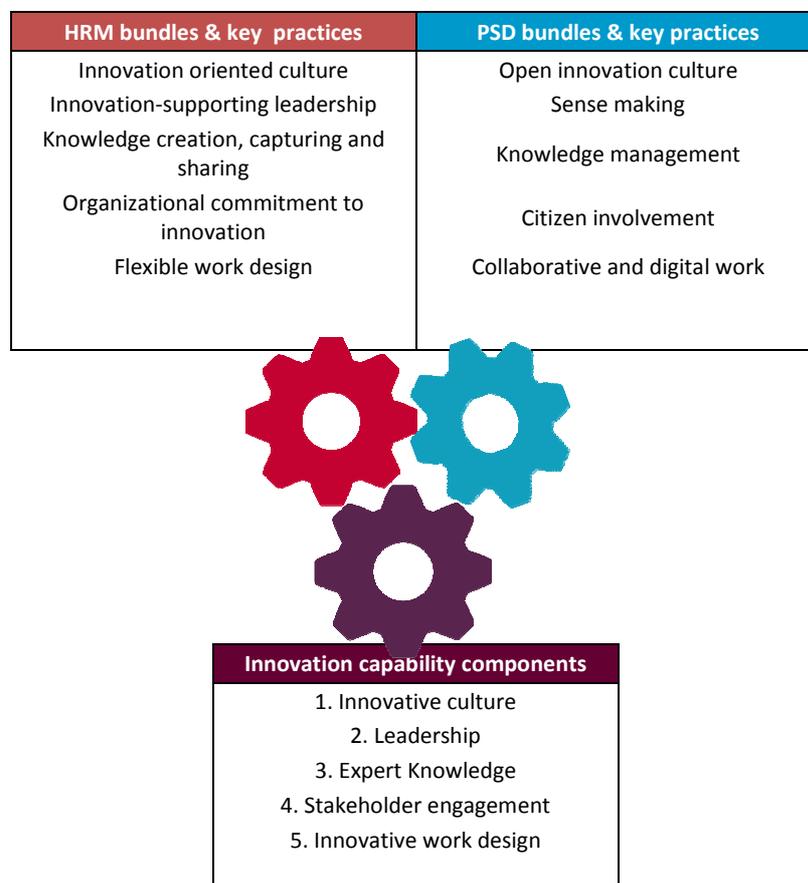


Figure 2: The integrated model of Innovation Capability

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

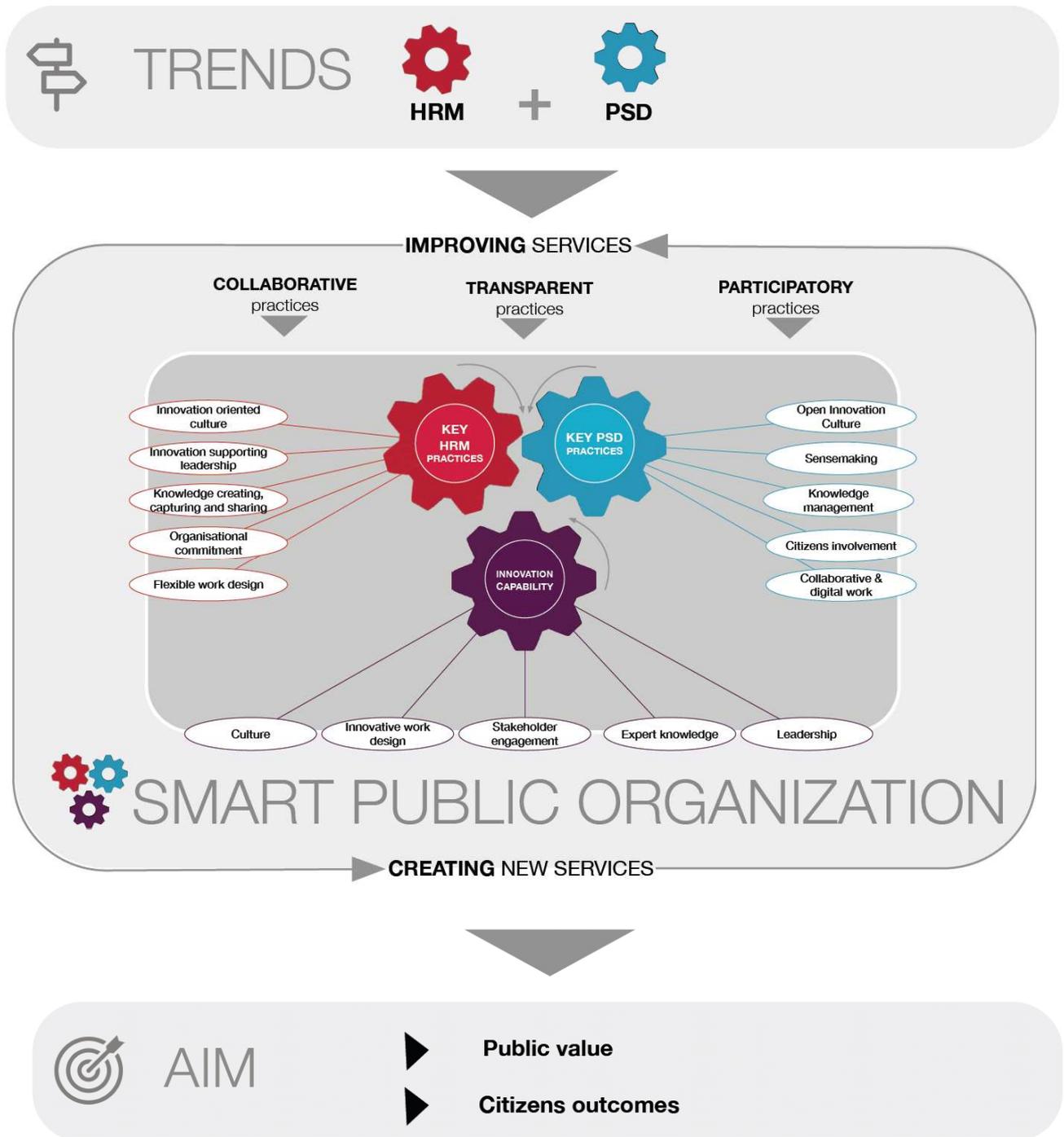


Figure 3: The integrated model for IC – a full picture

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

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

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

PART3 – Designing an effective innovation strategy

3.1 Overview of the four steps

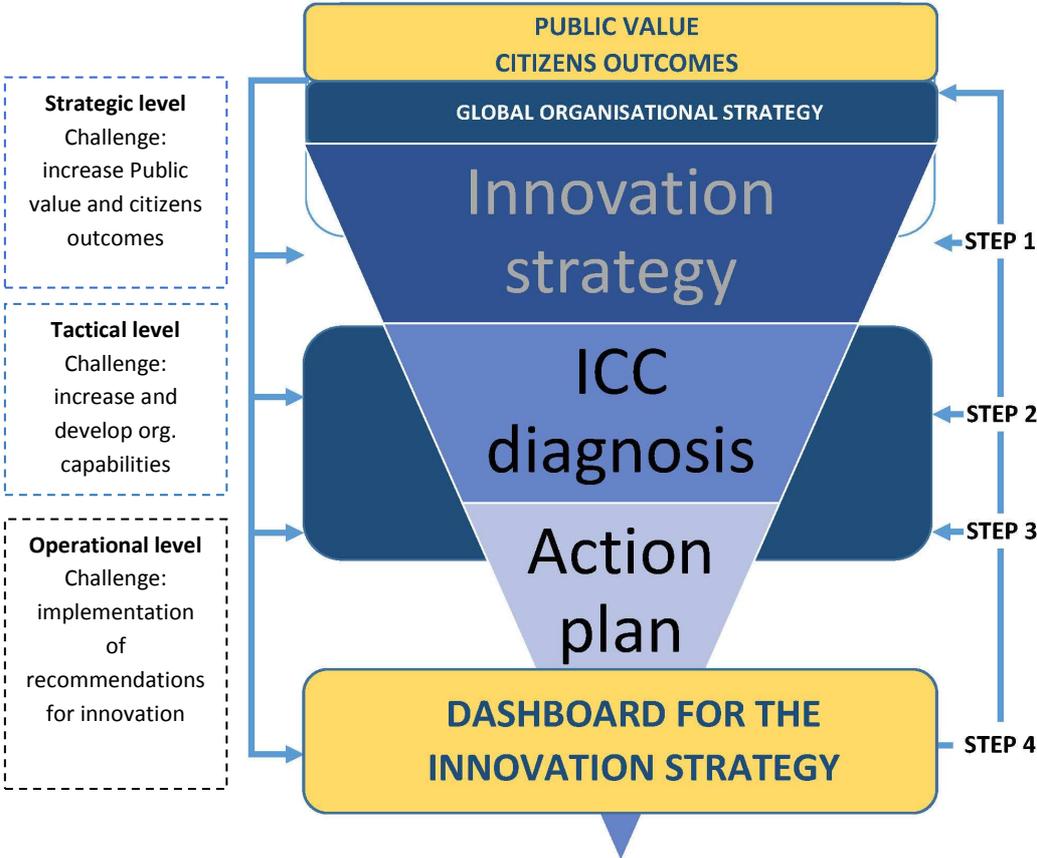
A four steps process is recommended to successfully design, implement and steer any innovation strategy. The first step is the definition of the Innovation strategy with the global strategic ambition of your specific administrative entity. It is important to bear in mind that innovation as such is not,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

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

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

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

The diagram below highlights the overall approach as suggested:



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

3.2 Step 1: Define your Innovation Strategy Ambition

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

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

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

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

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

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

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

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

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

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

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

ICC Diagnosis

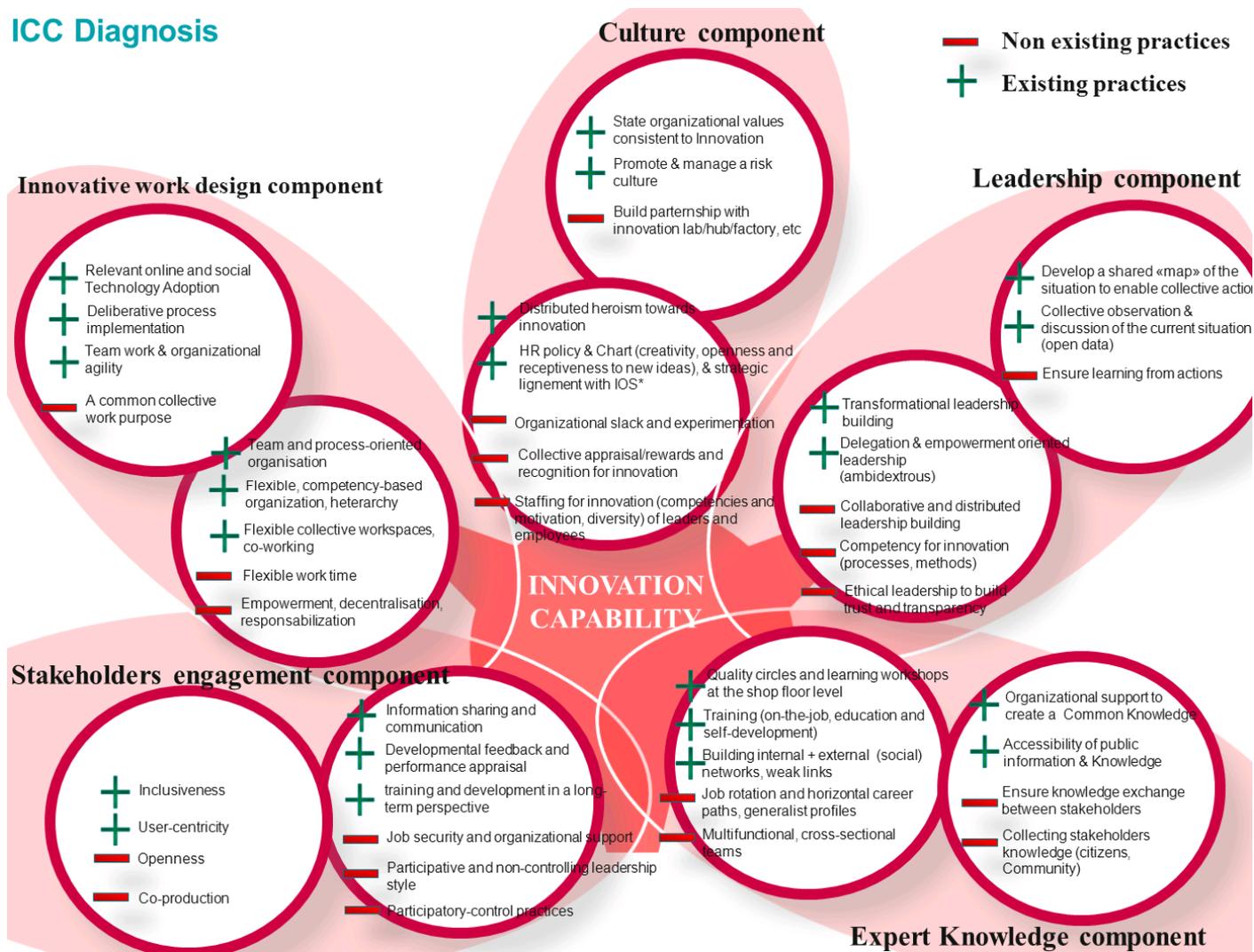


Figure 4: Possible Diagnosis from a SWOT analysis

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

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

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

For the first strategy, the component entry is favored, which implies that organizations make the choice of the promotion of innovation in Culture, Leadership, Knowledge expertise, Stakeholder engagement, or Work design. For this strategy all the fields are grey as a leadership innovation strategy for instance would naturally require the implementation of all the recommendations related to that component. If public organizations were interested in making an *Innovation breakthrough*, the following recommendations would be suggested: *Experimentation spotlight, Ind./coll. Innovation-oriented Public Value modelling, Mixed training “public-social-private entrepreneurs”, Internal/external innovation Lab, Innovation-supportive workshops, Wiki-style project analysis with stakeholders, and Speed¹ innovation.*

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

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

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

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

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

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

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

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

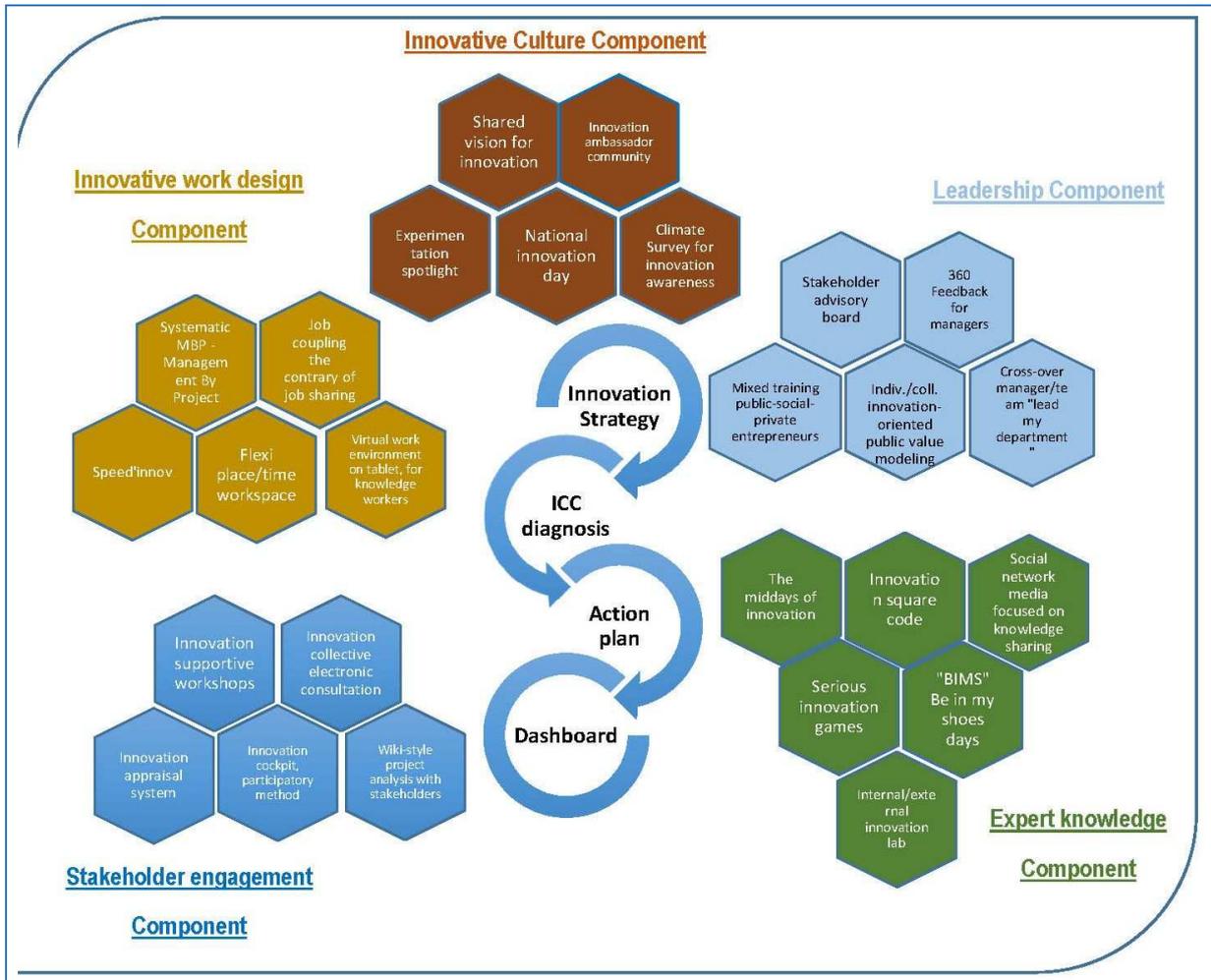


Figure 5: Generic overview of the recommendations

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

Table 2: Recommendation Diagnosis Tool

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

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

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

Table 3: Piloting tool for an Action plan

Selected recommendations	Responsibility	Deadline(s)	Allocated resources	Communication actions
R1				
R2				
...				

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

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

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

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

Conclusion

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

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

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

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

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

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

Annexes

ANNEX 1 – Main objectives of the research and detailed methodology

ANNEX 2 – Main trends related to the two topics of the study

ANNEX 3 – Key selected practices: an overview

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

ANNEX 5 – Innovation strategies and recommendations

ANNEX 6 – Inspiring practices

ANNEX 7 - Bibliography