

Part VII

Service Innovation in the Government Sector

How to Manage a Service Innovation Process in the Public Sector: From Co-Design to Co-Production

Public sector innovations can include new services (service innovations), new ways of organizing services (like Public-Private Partnerships), or new ways of distributing, or communicating about, services (like ministerial blogs and e-voting). Mulgan (2007, p. 6) defines radical innovations in public sector as a systemic change, such as the creation of a national health service or a move to a low-carbon economy. Windrum (2008, p. 8–10) follows the same taxonomy adding conceptual innovation (such as a minimalist state) and policy innovation (the transition to market economies by Eastern European countries). Osborne and Brown (2005, p. 4) do not recognize incremental innovations at all; they see them as gradual changes to existing services. Innovations introduce new elements into public services in the form of new knowledge, a new organization or new management skills. Innovations always represent discontinuity of the past.

Highlight *The Finnish Customer-oriented Service Network Project resorts under the Services for the Elderly unit of the Helsinki Social Services Department (Social and Health Services Department as of 1st Jan 2013). The aim of the project is to create a new user-driven networking service model for the elderly. It is a model for a radical renewal of social and health services at the system level. The reform is based on a Public-Private People Partnership model, which is implemented together with the public, private and third sectors. Several universities and networks, like the European Network of Social Authorities (ENSA) and Design Led Innovations for Active Ageing-project (DAA), and Finnish regions doing benchmarking on personal budgeting, are involved in this cooperative effort.*

Innovating Universities: Technocratic Reform and Beyond

This chapter critically examines innovations and ‘reforms’ in university service provision and their management, focusing on Australia as illustrative of broader global trends associated with the integration of higher education into the international market economy.

The authors argue that more than the usual economic, technocratic approaches to service innovation are required because of the complexity and unpredictability that characterize the entire field of knowledge-based services.

***Highlight** To apply our alternative framing of both the issues and the intellectual tools required for effective analysis, the chapter examines three dimensions of innovation, those in the policy, governance and academic work processes through which Australian universities have been transformed over the last 25 years. The author’s contribution suggests that dominant approaches to university ‘reform’ risk diminishing the creativity and critical investigation skills required for these institutions to advance service innovation and emerging forms of society, not just a ‘knowledge-based’ and ‘service-oriented’ economy.*

Business Model Approach to Public Service Innovation

The operating environment of the public sector has undergone a fundamental shift towards a more competitive nature. As these changes accelerate, they are exerting considerable pressure on the government in terms of rising costs and ever-increasing need for innovative service offerings. In order to shed lights on these contemporary challenges, this chapter will review and analyze a number of innovative service delivery modes observed in practice, including joint ventures with the private and not-for-profit sectors, public-private partnerships, contracting out, franchising, and the use of social bonds and collaborative services.

***Highlight** In this chapter, the authors analyze six innovative modes of service delivery through the lens of the Business Model framework. Public sector innovation is created by making choices in relation to the following components or dimensions: Resources, Competencies; Organization (internal and external), and Value proposition to the customers (RCOV). Analysis presents a new ‘business model’ developed using the RCOV business model framework designed specifically for decision makers in the public sector. This chapter will equip the readers with the means to better understand and manage public service innovations in the increasingly challenging environment.*

Exposing an Economic Development Policy Clash: Predictability and Control Versus Creativity and Innovation

The last four decades have witnessed increasing research, policy discourse and the investment in government programs to foster innovation within the private sector manufacturing and service industries. Despite the adoption by many governments of the language of complexity theory and systems thinking in business and organizational management, and a growing awareness of the breadth of contexts and outcomes resulting from the innovation process, a broader commitment to investments in supporting skills development and capacity building for service innovation in businesses have yet to catch up.

***Highlight** This chapter examines the factors that have contributed to the perpetuation of a limited conceptualization of the forms in which innovation contributes economic value, and the government policy instruments invested in to foster and sustain a diverse regional innovation system. This tangle of academic discourse, policy rhetoric and government programs aimed to support innovation will be examined through a case study of South Australia's strategic plan and the agencies charged with fostering and supporting innovation in the state.*