Innovation within local governments: managing change

The simple agenda to get government information on to the Web, along with private sector organizations, soon evolved into a much more complex target. Both in the UK and Europe the pervasive impact of taking an organization's business activity online led politicians to seize upon eGovernment as a means to an end.

The UK's initial 25 local government Pathfinder projects were followed up with a further £80 million national projects programme. Most of these projects were 1-2 years between inception and completion with a focus on development of systems. The emphasis on innovation was subsequently reinforced by renaming this “the e-innovation programme”, but the main factor for assessing local government achievement was the proportion of their services accessible online.

Local government may sound small but it is often one of the largest employers and most diverse organizations within any particular area. Encouraging innovation and getting access to its potential benefits is a real and complex problem within these organizations. Not only is innovation a complex and multi-faceted notion but also evaluating the impact of innovation is poorly understood.

Project VIEGO

Over 2006, project VIEGO set out to identify relevant key areas for future research in electronic government (eGovernment). The project was based on a perceived need to take stock of the achievement to date. The vision was to create a virtual research institute that will address the most relevant problems by bringing together academics from many disciplines in different UK universities.

The main research tool employed by VIEGO was a series of consultation workshops – two in London and one each in Cardiff, Manchester and Edinburgh – to consult with different groups of stakeholders concerning their views on current eGovernment initiatives, as well as on issues and topics they considered to be important for practice in the future. The workshops were carefully organized to be a structured discussion with the researchers putting a minimum of content into the discussion. Thus, the VIEGO findings arise from the stakeholders concerns rather than those of the academic staff.

One of the three overarching issues to emerge from VIEGO was that constant change – the drive for innovation – is a natural occurrence in government. It impacts people, processes and systems in equal measure and there is a need to create flexible systems that can adapt and change with demand. In particular, VIEGO identified the means to manage change as critical to eGovernment success.

There seemed to be a general consensus that existing eGovernment activities remained to be evaluated and measured in order to better design future services. It was seen as difficult to promote any meaningful well-founded research without first exploring the impact and value of existing initiatives. Although the need for financial efficiency was recognized, government is fundamentally a social activity. All participants were interested in getting a clearer view of what users of eGovernment services want; how to provide services; and how they may be evaluated and measured.

At a deeper level there is also a need to understand how eGovernment is changing social structures and the implications for good governance. Hence, there is a compelling need to understand the social value of government action as something distinct from its cost.

Innovation evaluation, indicators, and monitoring

If organizations are going manage the changes to become innovative – in the sense that they have
an environment that fosters innovation – they need to be able to evaluate and compare their performance.

The European Commission, under the Lisbon Strategy initiative, has created the European Innovation Scoreboard (EIS) to produce a comparative analysis between the EU member states. Innovation efficiency is measured as the ability of the organization to transform innovation inputs to outputs and is calculated based on a ratio between the two. However, the EIS is not suitable to measure innovation performance at the sectoral level because the indicators used do not address other important innovation activities such as diffusion, innovative entrepreneurship, organizational innovation, and demand conditions. Additionally, it only focuses on innovation in the private rather than public sector.

Another European Union instrument is the INNOBAROMETER – an opinion poll that is carried out annually by the European Commission beginning 2001. The main objective of the survey is to sound out the opinions of European managers on their companies’ needs in innovation, their investments in innovation and the output achieved.

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Another part of the European Commission’s Innovation Programme is the European Innovation Monitoring System (EIMS). This aims to facilitate information and knowledge sharing about enablers and barriers to innovation among stakeholders (e.g. managers and practitioners in firms, academics, policy makers, intermediaries, etc.), through publications, workshops, and conferences. EIMS activities include monitoring of innovation and diffusion through surveys, developing a conceptual framework for the innovation process and sharing of the experiences of an innovation policy. This is similar to UK framework for innovation in local government.

In contrast to the qualitative data from INNOBAROMETER and EIMS, the community innovation survey (CIS) provides a statistical assessment of innovation policies of the EU and its member states. This survey by Eurostat is based on the Oslo Manual which provides guidelines for the collection and interpretation of innovation data. Since 2001, CIS has become a major data source for the European Innovation Scoreboard described above.

Many of these measurement instruments address national performance or the private sector rather than the explicit needs of management in a local government division. In the private sector, innovation is primarily motivated by competitive advantage, however, in the local authorities, the drivers are enhanced service delivery, and added monetary value for taxpayers. Efficiency is the strongest driver of innovation in local authorities.

People, process and technology

Whilst there have been a number of initiatives, funded at European, national and local levels, evaluating innovation and technology diffusion they have tended to evaluate initiatives quantifiably (European Innovation Scoreboard, INNOBAROMETER, UK Innovation Survey). Whilst these provide important reflections on innovation much of the evaluation is concerned with public value, that is, they are concerned with efficiencies, investments in ITC, impact of the market, etc. They do not directly address the impact on society, that is, social value. Yet the desire for eGovernment initiatives is for both high social and public value delivering high quality service at acceptable public expenditures.

The success or failure of an implemented innovation could be measured holistically based on social (e.g. effectiveness within society) and public value (e.g. cost efficiency and money). This is important because there needs to be a way of comparing these to ensure that the right balance is struck as systems that deliver high social value may be expensive but the opposite is not necessarily true. High investment does not guarantee high social value, as has been seen in recent government initiatives.

What is apparent from the evaluations is that it is not just the level of investments that determines the success, or otherwise, of innovations. This is supported by the findings of the VIEGO project and further supported through anecdotal evidence obtained from practical experiences working with local authorities in the north of England. What emerges from these is that there is a common set of factors that can be grouped
loosely into people, process and technology (PPT).

The proposition here is that the three factors should not be considered separately but that it is the relationship between the three that determines the success of innovation.

What is required is a tool that allows the evaluation of innovation throughout development and implementation so that impact of PPT, with respect to public and social value, can be assessed. The model not only brings these factors together but also provides a means, through placement on the grid, of showing how an innovation meets social and public value requirements.

**PPT innovation value model**

Analysing the degree to which each of the factors is addressed in relation to where the innovation would be placed in the grid provides valuable insight into the impact that the relationship between PPT will have on future innovation implementations.

Furthermore, it is envisaged that this model can be developed into one which will be predictive. That is, that for any given potential innovation variables within each factor can be manipulated to see where the innovation will be placed on the grid.

**The value of innovation**

A key finding of project VIEGO suggests that local government needs the knowledge to manage constant change and create flexible systems that can adapt with demand. Innovation is change for the better and the challenge is to create the adaptable environment within which it can be nurtured to flourish.

Change does not necessarily lead to a better future and, as indicated by project VIEGO, promoting meaningful well-founded projects need a clear understanding of the impact and value of an initiative.

Assessing the value of innovation is critical. However, current measures are predominantly efficiency-based or focused at the national level. Even the few tools available for single organizations are directed at the private sector rather than eGovernment. This has been addressed by the suggested PPT model of innovation value, which takes a holistic view of innovation evaluation by combining efficiency and effectiveness of innovations.

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