



INNOVATION
FACETS

Public Sector Innovation Facets

ENHANCEMENT-ORIENTED
INNOVATION

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OPSI



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The Observatory of Public Sector Innovation collects and analyses examples and shared experiences of public sector innovation to provide practical advice to countries on how to make innovation work.

This report contains a summary of research and insights from practice on enhancement-oriented innovation. A more extensive version of this brief including detailed discussion and case studies appears as a chapter in a forthcoming OECD report.

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SUMMARY

- Tackling the complex set of challenges that governments face today – including climate change and digital inequalities – requires a portfolio approach to innovation. This approach includes enhancement-oriented innovations aimed at improving practices and upgrading existing structures, without significantly altering the current system.
 - Enhancement-oriented innovation is driven by public sector constraints on resources and costs, the influential principles of New Public Management – a market-driven public administration paradigm, and by digitalisation and the adoption of new technologies.
 - There are numerous enabling conditions for enhancement-oriented innovation, including continuous evaluation and auditing and performance measurement systems. Developing digital skills within public sector organisations, as well as the adoption of new digital or funding infrastructures, can also sustain enhancement-oriented innovation in the public sector.
 - Governments have adopted tools and methodologies to stimulate and manage enhancement-oriented innovation – such as lean and six sigma methodologies, project management and quality improvement methods, open innovation and behavioural insights approaches.
 - Enhancement-oriented innovation's compatibility with existing paradigms and the overall status quo of an organisation or system makes it one of the less contested and easily promoted types of innovation in the innovation facets model.
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INTRODUCTION

The social, economic and ecological challenges that confront societies today require novel public sector solutions. As governments explore how to change the very foundations of governance and democracy to meet the needs of the 21st century environment, innovation is becoming an imperative to stay ahead of the curve. Governments are increasingly aware of the need to mitigate and leverage the high rate of societal and technological change, but they are still ill-equipped to innovate on a consistent basis and to anticipate signals from the external environment before they become realities.

The Public Sector Innovation Facets model provides an easy way to consider what innovative approaches and instruments governments can use to respond to emerging challenges in a timely manner. It investigates questions such as: What types of public sector innovation exist? How are innovative ideas generated in the public sector? Which methods are used to support investment in innovative projects? What capacity and resources are required for public sector innovation? The model identifies four innovation “facets” which can be used to explore the purpose and intent of innovation activities as well as how they work in practice.

The four facets of the model are as follows:

1

Enhancement-oriented innovation upgrades practices, achieves efficiencies and better results, and builds on existing structures (e.g., through digitalising services and better process management). An example of this type of innovation is the use of behavioural insights to improve the compliance rate with one-time payments.

2

Adaptive innovation tests and tries new approaches in order to respond to a changing operating environment (e.g., co-designing new community responses to emerging challenges such as the COVID-19 pandemic). Governments adopting social media as a channel for citizen interaction is an instance of adaptive innovation.

3

Mission-oriented innovation establishes a clear outcome and an overarching objective for achieving a specific mission (e.g., setting clear goals and roadmaps towards carbon neutrality). As an example, setting an objective to dramatically reduce greenhouse emissions within a decade is a mission-oriented approach to innovation.

4

Anticipatory innovation explores and engages with emergent issues that might shape future priorities and future commitments (e.g., conducting experiments to explore the future of work). An example of anticipatory innovation is the use of a sandbox to explore the impact of Artificial Intelligence on service delivery in health.

This brief focuses on enhancement-oriented innovation in the public sector. In order to understand key trends in this field, the Observatory of Public Sector Innovation (OPSI) conducted research and invited public servants to share their experiences and examples of enhancement-oriented innovation in the public sector. Insights are provided on the following key themes: approaches to enhancement-oriented innovation, main drivers and support structures in the public sector, tools and methods, and skills and capacities needed. A more extensive version of this policy brief, including detailed discussion and case studies, appears as a chapter (“Enhancement-oriented Innovation”) in a forthcoming OECD report. The present Public Sector Innovation Facets brief is intended as a summary for policy makers and practitioners.

WHAT IS ENHANCEMENT-ORIENTED INNOVATION?

Enhancement-oriented innovations are public sector innovations aimed at improving practices and upgrading existing structures, without significantly altering the current system. This is generally achieved by working with existing knowledge, processes and functions in order to answer the question “*How might we do X better?*”

The following criteria qualify an innovation as enhancement-oriented as defined by the innovation facets model:

- 1. Enhancement-oriented innovation engages with change in connection with current services, processes and systems in the public sector.**
- 2. Enhancement-oriented innovation results in innovation rather than mere change. It must therefore be new to the context, implemented, and have a positive or negative impact on public value.**
- 3. Enhancement-oriented innovation typically seeks to achieve greater efficiency, effectiveness and value for money.**

Enhancement-oriented innovation differs from business improvement strategies. When successful it produces genuine innovation rather than mere change. For example, digitising a public service as Estonia did with family benefits¹ increased cost efficiency and the user experience (see Box 1). But enhancement-oriented innovation does not always equate to improvement. Improvement implies positive effects, while innovation can enhance current systems but might not necessarily result in overall improved conditions or outcomes. A digital innovation might increase cost efficiency, but come at the cost of decreased privacy or other values.

Box 1. Digitising family benefits in Estonia

The Government of Estonia developed an IT system that aggregates information from various national registries and databases. It continuously and proactively offers social benefits to entitled families and individuals after key life events. The system ensures that all families are automatically and seamlessly offered benefits if eligible –without having to apply for them. Before the platform was developed, it took an average of two hours for a government official to process an application. Now, eligible users simply log into the platform and receive the benefits immediately. The platform was extremely successful and is now replicated in other areas of social security in the country.

Source: OPSI Innovation Platform (2019).

¹ Observatory of Public Sector Innovation (2020). Pro-active Family Benefits, <https://oecd-opsi.org/innovations/proactive-family-benefits/> (accessed 13 October 2021).

The challenge

Rapid technological change, austerity policies and rising expectations of government services have put the public sector under increasing pressure to serve citizens better, faster and more efficiently, all while minimising costs. Governments are expected to extend choice in services, tailor and personalise these to particular user needs, and be evidence-informed in service allocation and decision making. Public sector organisations must enhance their current operating systems continuously, while at the same time demonstrating greater efficiency, user-centricity and value for money.

MAIN DRIVERS AND ENABLING CONDITIONS OF ENHANCEMENT-ORIENTED INNOVATION

Main drivers

Enhancement-oriented innovation in the public sector is driven by three main factors. First, reductions in resources can incentivise an organisation to operate differently and “do more with less”. For example, an overview of Dutch municipalities following the 2007-08 financial crisis indicates that local public managers used innovation to respond to budget cuts and rising costs.² Second, the New Public Management (NPM) paradigm, which has influenced many public sector institutions since the 1980s, can motivate organisations to seek greater efficiency through innovation, often delegating this function to private actors. This has been especially true for high-income countries, where some public sector organisations have been pushed to run operations and services more efficiently at lower cost, provide incentives for performance and increase user-centricity as a result. Third, digitalisation and the adoption of new technologies has led to, among other impacts, increased effectiveness in new service delivery channels and improved productivity (see the diffusion of best practices for digitalisation in Malaysia in Box 2).

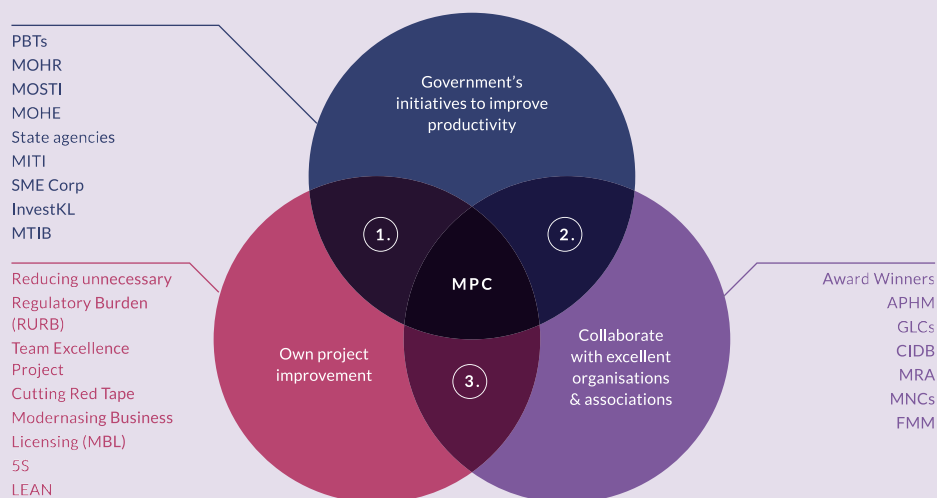
These three drivers lead to different types of innovation. When resulting from budget cuts and NPM pressures, enhancement-oriented innovation is often reactive and fragmented, and can lack directionality. Digitalisation, on the other hand, pushes public organisations to innovate with strategic intent, enabling enhancement-oriented innovation to become part of a longer-term, structured change process. For example, Singapore has developed a whole-of-government platform that establishes common application programming interfaces (APIs). It allows government agencies to share data and services among themselves and with external entities. The initiative aims to increase the adoption of API technology within government by simplifying secure data-sharing, making API management user-friendly and increasing the visibility of available APIs.³

2 Overmans, T. (2018). “Innovative austerity management: How city managers create slack for innovation in times of fiscal stress”, *Journal of Public Budgeting, Accounting and Financial Management*, Vol. 30 No. 4, pp. 350–367.

3 Observatory of Public Sector Innovation (2017). APEX, <https://oecd-opsi.org/innovations/9587/> (accessed 13 October 2021).

Box 2. Driving national productivity in Malaysia

The Malaysia Productivity Corporation (MPC) is a government organisation set up under the Ministry of International Trade and Industry with the aim of “unlocking potential for productivity”. The MPC introduces public and private organisations to best practices on regulatory reforms and digitising public services in order to improve productivity. Case studies are available on the online platform “Benchmarking Online Networking Database (BOND)”. They contain success stories of innovations that have resulted in greater productivity.



Source: Malaysia Productivity Corporation (2021).

Enabling conditions

Enabling conditions refer to mechanisms established in public sector organisations to sustain enhancement-oriented innovation.

Favourable conditions for enhancement-oriented innovation are:

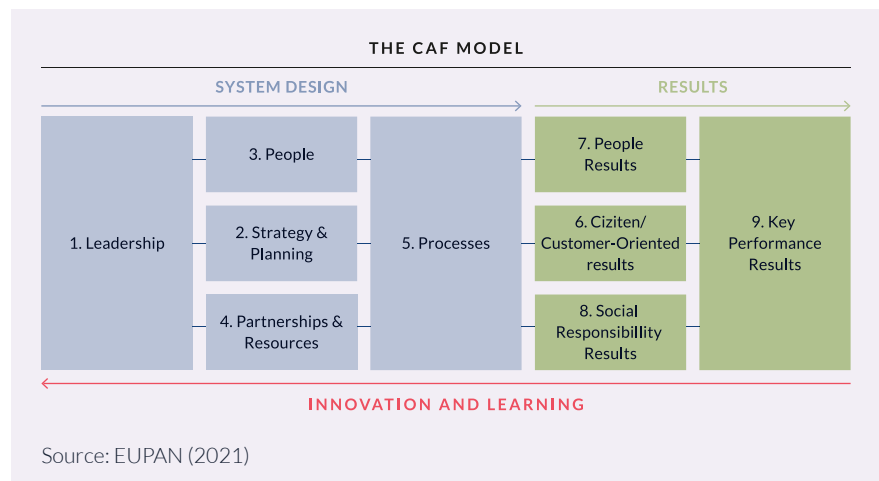
1. **efficiency-focused evaluation and auditing,**
2. **performance measurement systems,**
3. **innovation capacity building and knowledge management,**
4. **digital infrastructures and IT governance, and**
5. **funding and budget requirements.**



1. EFFICIENCY-FOCUSED EVALUATION AND AUDITING

Auditing and evaluation processes can stimulate enhancement-oriented innovation by prompting improvements in public organisations' processes and procedures. The implementation of the Common Assessment Framework (CAF) in the Vienna City administration is a good example⁴ (see Box 3), with the framework adopted by more than 4 500 public

organisations in European Member States. The CAF is a user-friendly and free tool that supports public administrations "in using quality management techniques to improve their performance [...]" based on the premise that excellent results in organisational performance, citizens/customers, people and society are achieved through leadership driving strategy and planning, people, partnerships, resources and processes."



At the same time, performance audits run the risk of provoking an excessive focus on standards and compliance that could potentially lead to overly cautious, anti-innovative behaviour, and ultimately hinder effective public service delivery.⁵ However, auditing mechanisms alone do not encourage enhancement-oriented innovation by default. Whether auditing stimulates or limits innovation can depend on contextual factors such as the nature of the auditing process.⁶

Box 3. The Common Assessment Framework as a driver of innovation in Vienna

The Vienna City administration has made citizen-oriented changes and innovations over time using the Common Assessment Framework (CAF) to guide the process. The CAF provides guidance for a modern public administration and is founded on "Principles of Excellence" and the UN Sustainable Development Goals. It enables administrations to manage organisational and cultural change to ensure total quality management. In 2020, the CAF model was revised and moved beyond its traditional focus on improvements to public sector processes to incorporate digitalisation, agility, diversity and sustainability.

Source: Observatory of Public Sector Innovation (2021), EUPAN Secretariat (2021).

⁴ Observatory of Public Sector Innovation (2021). Using innovation methods to enhance and improve core government policy-making and services, <https://www.oecd-opsi.org/using-innovation-methods-to-enhance-and-improve-core-government-policy-making-and-services/> (accessed 13 October 2021).

⁵ Bawole, J.N. and M. Ibrahim (2016). "Contesting claims on measuring performance in the public sector using performance audits: Evidence from the literature", *Public Organization Review*, Vol. 16 No. 3, pp. 285-299.

⁶ Kells, S. (2011). "The seven deadly sins of performance auditing: Implications for monitoring public audit institutions", *Australian Accounting Review*, Vol. 21 No. 4, pp. 383-396.

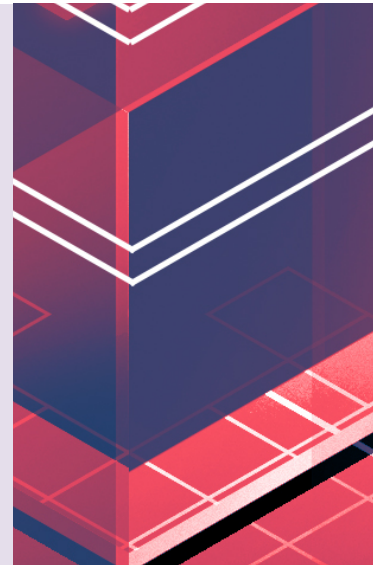
2. PERFORMANCE MEASUREMENT AND MANAGEMENT

The inherent bias in performance measurement systems tends towards the effectiveness of current systems, rather than trying to quantify something new or uncertain. An aggregate measurement of performance – through performance dashboards, for example – can thus stimulate enhancement-oriented innovation and boost efficiency. An example is the personnel management innovation diagnosis indicator used by the Korean government (see Box 4).

Box 4. Measuring Personnel Management Innovation in Korea

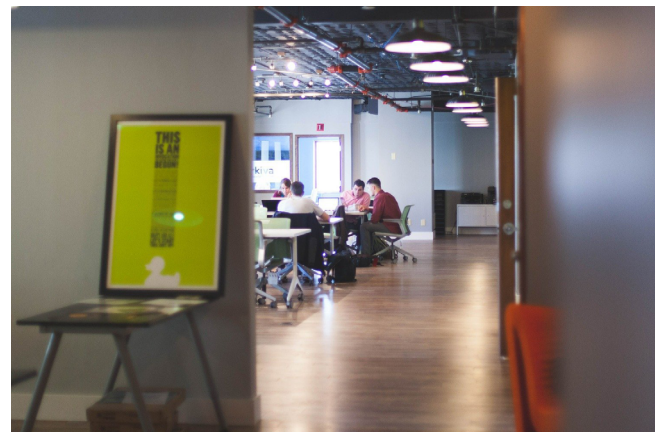
In 2014, the newly established Korean Ministry of Personnel Management (MPM) was put in charge of public management innovation. Starting in 2015, the Personnel Management Innovation Diagnosis Indicators were developed to assess the public management innovations of each government organisation and provide feedback to improve their innovation capability. The indicators consist of some high-level fields (implementation capacity, balanced public management, HR development and work environments for improvement) and several dozen sub-indicators. The Ministry sets indicators with participating government bodies and external experts, and adjusts them on a yearly basis. The MPM also organises workshops to disseminate best practices and set benchmarks.

Source: Observatory of Public Sector Innovation (2019).



3. INNOVATION CAPACITY BUILDING AND KNOWLEDGE MANAGEMENT

Public sector organisations can support enhancement-oriented innovations via internal capacity building. Public servants can be empowered to take small risks that improve the efficiency and effectiveness of areas under their responsibility.⁹ In addition, structured learning processes and knowledge management of what does or does not work can strongly impact the innovativeness, operational performance, quality and efficiency of public sector organisations. For example, the United Arab Emirates' Roads and Transportation Authority implemented a knowledge management system for its staff after finding that outsourcing work to consultants was sapping the Authority of organisational memory and innovation potential.¹⁰



7 Rogge, N., T. Agasisti and K. De Witte (2017). "Big data and the measurement of public organizations' performance and efficiency: The state-of-the-art", *Public Policy And Administration*, Vol. 32, No. 4, pp. 263-281.

8 Observatory of Public Sector Innovation (2019). *Measuring Public Sector Innovation: Why, When, How, for Whom and Where To?*, <https://oecd-opsi.org/wp-content/uploads/2019/05/Measuring-Public-Sector-Innovation-Part-5b-of-Lifecycle.pdf> (accessed 29 July 2021).

9 Fernandez, S. and T. Moldogaziev (2011). "Empowering public sector employees to improve performance: Does it work?", *American Review of Public Administration*, Vol. 41 No. 1, pp. 23-47.

10 https://www.academia.edu/3456083/Knowledge_Management_in_Public_Sector_Global_and_Regional_Comparison.

4. DIGITAL INFRASTRUCTURE AND IT GOVERNANCE

Digitalisation can stimulate process innovations that make public sector organisations more efficient at an operational level.¹¹ Most digitalisation efforts today concentrate on transforming existing analogue services into digital ones, for example making communication channels simpler and faster (see Box 5 on the digitisation of the Austrian tax services).¹² Yet, the lock-in effects of digitising current siloed or flawed infrastructures could also limit government's ability to switch to more effective, interoperable systems.

Box 5. Digitising tax services in Austria

The Austrian tax administration has digitised its services and integrated a chatbot function for users. The services can be accessed through the [FinanzOnline platform](#). FinanzOnline is the most used e-government portal in Austria and represents 20 years of incremental improvements. The customer service strategy of the tax administration is to offer a single front-end system for all target audiences. The administration's approach focuses on the user rather than designing the digital platform around legal requirements. The team has also created applications for smartphones and has reconfigured the platform to support video chats, integrating FinanzOnline into the broader IT landscape of the Austrian government.

Source: CEF Digital (2021).



5. FUNDING AND BUDGET REQUIREMENTS

The structures of funding and budget programmes can also favour enhancement-oriented innovation. Two examples include the implementation of performance-oriented budgets (for example in Norwegian municipalities),¹³ and enforcing ex ante business cases with cost-benefit analyses for innovations. Increasingly constrained public finances have led governments to shift their budgetary evaluation focus towards efficiency, effectiveness and cost-saving targets. Although the success of efficiency- and performance-based evaluations has been moderate, limited budgets can push public sector organisations to innovate within existing structures, optimising existing processes and adopting new methods to improve outputs without increasing costs and resources and avoiding structural change.

TOOLS AND METHODS

This brief discusses a non-exhaustive list of tools and methods used by public sector organisations to stimulate and manage enhancement-oriented innovation. The most frequently applied

¹³ Madsen, D.Ø., S. Risvik and T. Stenheim (2017). "The diffusion of Lean in the Norwegian municipality sector: An exploratory survey", edited by Bisogno, M. *Cogent Business & Management*, Vol. 4 No. 1, p. 1411067.

approaches are connected to lean and six sigma methodologies, project management and quality improvement methods, open innovation and behavioural insight approaches.

Lean and Six Sigma methodologies

Lean methodologies are an important tool for stimulating enhancement-oriented innovation in public sector organisations. Originating from the car manufacturing sector in the 1980s, this approach optimises costs and reduces waste via a constant focus on customer needs and value.¹⁴ Six Sigma approaches usually use a five-part structured methodology termed DMAIC (Define-Measure-Analyse-Improve-Control), through which organisations can more effectively identify issues and implement solutions.¹⁵ The implementation of lean approaches in the Dubai Police Force, for example, proved effective at stimulating process innovations and improved the overall quality of services.¹⁶ Lean approaches can also be a response to budget pressures in local administrations, leading to the creation of one-stop-shops and other service innovations that improve the identification of citizen needs.

Box 6. Fast-tracking the innovation procurement process in Korea

In 2020, South Korea redesigned its IT public procurement model, enabling the Ministry of Science and ICT to take a proactive approach to innovation sourcing. The pre-certification platform helps to fast-track public procurement for innovative products by pre-certifying them via expert panels from other ministries. Over 3 000 expert panellists covering 24 technical sub-fields are now involved in pre-certifying products for innovation procurement. This is in addition to readily available assistance from researchers and scientists participating in 60 000 public R&D projects annually. The pre-certification process breaks silos and increases the efficiency and timeliness of innovation procurement. This process optimisation ultimately improves the quality of services to citizens, adds credibility to the procurement process and delivers more innovative ICT solutions with greater potential for socio-economic impacts.

Source: Observatory of Public Sector Innovation (2021).

Project management and quality improvement methods

Quality improvement and management methods are another key tool related to enhancement-oriented innovation. An example is the Common Assessment Framework (see Box 3), a tool developed to help European public organisations improve their performance by using

¹⁴ Bhatia, N. and J. Drew (2006). "Applying lean production to the public sector", *McKinsey*, www.mckinsey.com/industries/public-and-social-sector/our-insights/applying-lean-production-to-the-public-sector (accessed 6 July 2021).

¹⁵ Antony, J., B. Rodgers and E.A Cudney (2017). "Lean Six Sigma for public sector organizations: is it a myth or reality?", *International Journal of Quality & Reliability Management*, Vol. 34 No. 9, pp. 1402-1411.

¹⁶ Alosani, M.S. (2020). "Case example of the use of Six Sigma and Kaizen projects in policing services", *Teaching Public Administration*, Vol. 38, No. 3, pp. 333-345.

innovation and knowledge management, among other things, to enhance their effectiveness and customer orientation.¹⁷

The focus on processes also characterises project management methods that have spread in public organisations as means of optimising operations (see Box 6 on Korea's procurement fast-tracking process).¹⁸ Among these is the PRINCE2 approach: it focuses on the division of processes into packages and streams, the interdependencies between them, and their completion on time and within budget.¹⁹

Another process modelling approach related to enhancement-oriented innovation is service blueprinting. It involves a graphical representation of an organisation's service delivery process which creates a clearer understanding of the needs of both the service users and the staff behind it. For example, the technique holds significant potential for application in higher education, to help universities redesign their courses, enhance administrative processes and improve students' overall satisfaction with their academic experience.²⁰

Open innovation

Open innovation and citizen crowdsourcing initiatives can facilitate enhancement-oriented innovation in the public sector (and are also often connected to adaptive innovation). Open innovation means opening up public organisations' innovation processes to citizens and external stakeholders. This makes use of knowledge that lies outside organisational boundaries to improve processes and services, increase legitimacy and strengthen citizen participation in the public sphere.²¹

Civic hackathons offer a good example of open innovation approaches in government. These events bring together interested citizens and/or experts to collaborate over solutions addressing a specific public challenge.²² In March 2019, for example, the Estonian government organised a 1 000-person hackathon to crowdsource solutions to the impacts of the COVID-19 pandemic.²³ Hackathons can lead to enhancement-oriented innovations, helping governments to achieve greater performance efficiency and public accountability. Traditional hackathons with a digital component can also help reduce the costs of public contracts with large IT companies.

17 EUPAN Secretariat (2019). "CAF2020", www.eipa.eu/wp-content/uploads/2020/10/CAF2020_English.pdf (accessed 29 July 2021).

18 Observatory of Public Sector Innovation (2021). Procurement Precertification for Innovative Research, <https://www.oecd-opsi.org/innovations/procurement-precertification-for-innovative-research/> (accessed 14 October 2021).

19 Bartlett, D. (2017). "Champions of local authority innovation revisited", *Local Government Studies*, Vol. 43, No. 2, pp. 142-149.

20 Ostrom, A.L., M.J. Bitner and K.A. Burkhard (2011). *Leveraging Service Blueprinting to Rethink Higher Education*, p. 76, Center for American Progress, Washington, DC, www.americanprogress.org/issues/economy/reports/2011/10/31/10512/leveraging-service-blueprinting-to-rethink-higher-education (accessed 29 July 2021).

21 Pedersen, K. (2018). "The purpose of public sector open innovation", *Proceedings of the European Conference on E-Government*, ECEG, Vol. 2018, October, pp. 160-167.

22 Mu, R. and H. Wang (2020). "A systematic literature review of open innovation in the public sector: Comparing barriers and governance strategies of digital and non-digital open innovation", *Public Management Review*, pp. 1-23.

23 World Economic Forum (2020). This country came up with 5 novel ideas to tackle the pandemic, www.weforum.org/agenda/2020/07/estonia-hackathon-pandemic-covid19-technology (accessed 14 October 2021).

Behavioural insights approaches

Innovative behavioural insights (BI) tools can strengthen the effectiveness of public services and processes. In the health sector in Australia, for example, a behavioural insights approach helped reduce antibiotic prescriptions and the overall risk of antimicrobial resistance²⁴ (see Box 7). Behavioural insights approaches were also applied in several experiments in Australian hospitals to reduce missed appointments: reminder letters and text messages were sent to patients ahead of their appointments. This intervention has the potential to result in significant cost savings.²⁵ Indeed, behavioural nudges are a useful technique to incentivise citizens to change their behaviour in line with desired policy outcomes in more effective and cost-efficient ways compared to traditional economic incentive tools.

Box 7. Reducing antimicrobial resistance through behavioural sciences in Australia

A behavioural insights approach was used in the Australian health sector in a trial involving General Practitioners (GPs). The aim was to diminish the number of antibiotic prescriptions and reduce the overall risk of antimicrobial resistance and medicine ineffectiveness. The intervention consisted of letters sent to GPs with information on the dangers of antimicrobial resistance. It led to an estimated overall reduction of 126 352 prescriptions after six months, equal to a 9.3% to 12.3% reduction based on different letter types.

Source: Behavioural Economics Team of the Australian Government (2018).

SKILLS AND CAPACITIES NEEDED FOR ENHANCEMENT-ORIENTED INNOVATION

The absence of market feedback mechanisms in most public sector organisations causes a greater reliance on internal capabilities to create value and remain relevant. This relative lack of external pressure to innovate heightens the importance of active capacity and skills building for enhancement-oriented innovation at the employee and the leadership level.

At the employee level, public servants require good digital skills and learning capacities to be able to initiate and implement enhancement-oriented innovations. First, investing in the learning capabilities of employees is an important step in learning from improvements and can lead to ideas for reconfiguring existing resources and processes. Second, investing in internal IT capacity and ensuring that all staff – not just IT experts – possess sufficient digital knowledge can lead to better design and delivery of public policies (see Box 8 on Brazil's digital skills programme for public servants).²⁶

24 Behavioural Economics Team of the Australian Government (2018). "Nudge vs Superbugs: A behavioural economics trial to reduce the overprescribing of antibiotics", p. 54.

25 NSW Government (2019). "Reducing missed hospital appointments with better text messages", *NSW Government*, NSW Government, www.nsw.gov.au/behavioural-insights-unit/blog/reducing-missed-hospital-appointments-better-text-messages (accessed 29 July 2021).

26 OECD (2020). "The OECD Digital Government Policy Framework", No. 02, <https://doi.org/10.1787/f64fed2a-en>.

Box 8. Building public servants' digital skills in Brazil

The Brazilian National Public School of Administration (Escola Nacional de Administração Pública or ENAP) has developed Escola Virtual, a platform with free online training courses open to public servants and citizens seeking training in public services. Escola Virtual offers courses covering a wide range of areas such as management, innovation, commissioning, information technology, web design, open government, and data analysis and mining. This investment in public servants' training can develop the necessary skills for a responsive, proactive digital government, one that can more effectively gather real-time insights into user needs and preferences and facilitate citizens' engagement and access to real-time information.

Source: OECD (2020).



At the leadership level, public sector managers are central actors in the co-ordination and initiation of process innovations. They are in a position to create the ideal conditions to stimulate the creativity of employees for change and innovation. Management support is a strong driver of organisational performance especially at lower levels of leadership, where the majority of innovation surfaces. Indeed, supervisors and middle-managers tend to be more involved in the internal mechanisms of their organisations compared to senior managers, and therefore focus on internally targeted innovations to improve processes and enhance efficiency at the micro and meso level. By putting in place effective employee empowerment practices that provide employees with better task knowledge, managers can foster innovative ideas about how to improve internal processes at lower hierarchical levels.

POLICY RELEVANCE

The compatibility of enhancement-oriented innovation with existing paradigms and with the overall status quo of the organisation makes it one of the less contested and more easily promoted innovation types in the innovation facets model. Nonetheless, various challenges are associated with its adoption and implementation.

Firstly, over-specialisation is an issue associated with enhancement-oriented innovation. Organisations overly concerned with process optimisation can suffer from an excessive focus on inward looking, results-based approaches and risk avoidance, which makes them unable to confront changing scenarios and future challenges. Because a focus on improving existing activity can leave an organisation blind to larger shifts and changes in the environment, it is important to consider complementing enhancement-oriented innovations with capacity for future-oriented anticipatory innovation.

Secondly, the focus of enhancement-oriented innovation on existing processes or services offered by an organisation could give rise to issues of diffusion. By optimising specific processes in different departments or teams, enhancement-oriented innovation runs the risk of deepening divergences within the organisation, jeopardising shared ways of working and functioning.

Thirdly, there are limitations associated with evaluating the efficiency and productivity of enhancement-oriented innovation in the public sector. There is no shared definition or standardised measurement of efficiency or productivity in a public sector context. Some public sector innovations have an efficiency focus that result in short-term, one-time improvements in public sector productivity, such as introducing common procurement standards or shifting services to digital channels. Other innovations change the input-output equation and lead to longer-term productivity improvements. For instance, they reduce the input needed to produce an output (e.g., using shared services to reduce the number of staff required to complete a task) or improve the quality of the outputs (e.g., creating electronic tax forms that are easier for citizens to complete).²⁷ Ironing out these differences in impact and finding shared evaluation methodologies can help with the adoption of enhancement-oriented innovations.

Lastly, by improving current practices, enhancement-oriented innovations also risk overshadowing the need for more structural changes that may occur via other innovation facets. Many successful organisations tend to ritualise effective practices and find themselves stuck in “success traps”, becoming obsolete in their ability to provide effective, up-to-date services. Enhancement-oriented innovation’s focus on short-term, often cost-effective solutions can hide larger organisational issues and may improve the status quo just enough for it to keep on functioning.

27 Dunleavy, P. and L. Carrera (2013). *Growing the Productivity of Government Services*, Edward Elgar Publishing, Cheltenham, UK.



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