How to overcome barriers for innovations in organizations from the public sector
Local governments for the future

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What was the study for?

The aim of the study was to
explore systemic barriers for innovations – new ideas, creative solutions, outside the box thinking – in organizations from the public sector – more precisely, at the city administration.
Why is it important?

**Innovate or die!**

- Innovations are a precondition to good performance and survival of any organization, including those from the public sector.

- New challenges (economic, social, technological, and environmental) require innovative thinking and new solutions. There is no time for business as usual any more.

What did I want to find out?

**Research questions:**

1. What are the **main barriers for innovations** in the local administration?

2. What are the **main drivers for innovations** in the local administration?

3. What kind of measures would help the local organizations to reduce these barriers?
What’s the theory behind?

City administration as a three-dimensional system:

- City administration is a system – a living organism with a potential for self-organization and self-renewal,

- Relationships, information flow, purpose, and quality of capabilities and management decide about system’s strength or weakness,

- Every organization can be seen as a three-dimensional system with the mechanistic, organic and dynamic dimensions.

What’s the theory behind?

Description of the three dimensions of the system (based on Ståhle et al. 2000, 2003)

<table>
<thead>
<tr>
<th>How does the system look from outside?</th>
<th>Mechanistic system / Mechanistic dimension</th>
<th>Organic system / Organic dimension</th>
<th>Dynamic system / Dynamic dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top managers control the functioning of the system – by orders</td>
<td>Ordered, regularly functioning entities</td>
<td>Organic and open systems that depend on constant interaction</td>
<td>Hectic, chaotic entities, which cope with uncertain, sudden and contradictory changes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Who and how controls the system?</th>
<th>Relationships dictated by hierarchy</th>
<th>Important to establish reciprocal relationships and opportunities for interaction</th>
<th>Free relations within the system and with external world – wide networking</th>
</tr>
</thead>
<tbody>
<tr>
<td>How are the relationships managed?</td>
<td>Predictability, unanimity, continuity.</td>
<td>Controlled development and growth, sufficient stability</td>
<td>Chaos, spontaneity, fast reactions to changes</td>
</tr>
<tr>
<td>How does the information flow?</td>
<td>One-way: top-down</td>
<td>Two-way, knowledge is shared in real-time social interaction</td>
<td>Multi-way, chaotic</td>
</tr>
<tr>
<td>What characterizes the system best?</td>
<td>Permanent efficiency</td>
<td>Gradual development</td>
<td>Continuous innovation</td>
</tr>
<tr>
<td>Objective</td>
<td></td>
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</table>

Organization as a three dimensional system by F. Ståhle, 2014
What do we know?

**Conditions for innovations** (Stähle & Pirttivaara, 2010):

- **Societal inclusiveness** (involvement of partners, stakeholders)
- **Exploitation of the full potential of the system** (e.g., information and competences of employees)
- **Mutual and multilateral codependency** (cooperation within the system and with the outside world)
- **Recognition of bottom-up initiatives and support for co-creation**
- **Interest, inspiration and commitment**

What’s the theory behind?

**12 Places to Intervene in a System** (based on Wilenius for WHO Healthy Cities, 1 March 2017; Meadows, 2008):

1. **Transcending Paradigms**
2. **Paradigms** — The mindset out of which the system—its goals, structure, rules, delays, parameters—arises
3. **Goals** — The purpose or function of the system
4. **Self-Organizing** — The power to add, change, or evolve system structure
5. **Rules** — Incentives, punishments, constraints
6. **Information Flows** — The structure of who does and does not have access to information
7. **Reinforcing Feedback Loops** — The strength of the gain of driving loops
8. **Balancing Feedback Loops** — The strength of the feedbacks relative to the impacts they are trying to correct
9. **Delays** — The lengths of time relative to the rates of system changes
10. **Stock and Flow Structures** — Physical systems and their nodes of intersection
11. **Buffers** — The sizes of stabilizing stocks relative to their flows
12. **Numbers** — Constants and parameters such as subsidies, taxes, standards
How was the research done?

- **Interviews** with city administrators, managers, researchers, experts working with city administrations (in total 7, from Finland and other countries).

- Analysed with the use of **Causal Layered Analysis**, which allows unfolding deepest beliefs, often missed in a traditional research, and brings them to the discussion. According to CLA, the system can be changed, only if we change the metaphor.

What are the barriers for innovations?

**The five barriers identified during the study are:**

- **Hierarchy** – stops innovation or make it impossible to emerge;

- **Poor communication** – lack of informal exchange or overload of electronic information.

- **Imbalanced work division** – most of the time spent on planning and reporting, not enough time for brainstorming and implementing;

- **Poor leadership** – risk avoidance – lack of informal exchange or the overload of electronic and old-school managing;

- **Bad management of human resources** – lack of incentives and career development programmes.
What are the drivers for innovations?

On the other hand, the drivers are:

- **Investing in human resources** – through trainings, career development programmes, exchanges, bonuses, awards etc.;

- **Promoting experimental mindset and culture** – allowing mistakes, in a spirit that failure is not fatal, and promoting learning by doing;

- **Brave leaders with vision and commitment to change** – leaders that constantly renew they knowledge and skills and are not afraid of change; instead, they love it;

- **Work division that allows more time for brainstorming and implementing** over the planning and reporting.

Images of the city administration

**Locked Tower**

“We know it better - we don’t need any collaboration with external partners and we do not care that the others cannot understand us. After all, we really don’t need them.”

- very common

**Turtle in the City**

“The change is dangerous. It is better to wait and see than to experiment. And why the rush?”

- same common

**The Ice is Cracking**

“We would like to change but are we ready for it? Some might be, but the others are not. Maybe they benefit too much from the current system or maybe they just get anxious.?”

- emerging

**Open and Fearless**

“We love change and we know how to be innovative. Don’t be afraid and come with us! We have countless opportunities and we are not afraid to discover them!”

- aspirational
So... what?

How are the organizations managed?

- The most common ways: *Locked Tower* and *Turtle in the City*, i.e. full of bureaucracy, hierarchical relations, fear and risk-avoidance.

- The systems like *Ice is Cracking* are emerging but slowly and on the limited scale.

- The *Open and Fearless* is still only an aspiration and the future.

So... what?

Conditions for innovations are fulfilled on a limited scale:

- Partners and stakeholders are not sufficiently involved in the decision making processes

- Potential of the system is exploited only on a limited scale, incl. the competences of employees and information

- Working in silos and in a closed system

- Top-down orders and instructions still very common

- Boredom and frustration instead of enthusiasm
What would be recommended?

The matters could be improved by:

- **Investing in the development of human resources**: providing professional development programmes, which include capacity building training and reward system;

- **Promoting experimental mindset and culture**: allowing time for development of creative ideas, introducing prices and bonuses, and grants for experimentation;

- **Investing in brave managers with vision and commitment to change**: introducing job rotation programmes, hiring people with private sector background;

- **Introducing work division that allows more time for brainstorming and implementing** instead of planning and reporting: simplifying reporting, focusing on delivery of the results.

How the results can be used?

- **As a check-list** for the organizations from the public sector to find out which barriers and which drivers are present and which are not.

- **As a guidebook** to the world of city administration to better understand the new partner or employer.

- **As an inspiration** for organizational changes in the city administration.

- **As a support** in preparation of the leadership training for managers and career development programme at the city administration.

- **As a call** for more strategic and future-oriented planning across all city departments.
Thank you!

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• The Causal Layered Analysis by Sohail Inayatullah:
  e.g. Inayatullah, S. (2013) at Ted-Noosa: https://www.youtube.com/watch?v=ImWDMFPfifi

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