Managers´ Tales About Developmental Projects: What Makes A Difference When Leading Innovation In Public Sector Services?

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Abstract

Since the economic, financial and social crisis hit most of Western economies, innovation in the public sector has received increased attention. It is putting pressure on public managers to facilitate and lead developmental projects and entrepreneurial new solutions. These pressing external and internal conditions are resolved by constructing and implementing a qualitatively new way of doing things. The study presented in this paper is an ongoing larger narrative-inspired multiple case study, including two new organizations representing transformed workplaces and five developmental work projects in traditional public services in Iceland. The aim is to widen the understanding of the public manager as a leader and facilitator of innovation and collective, innovative learning at work. Central findings reveal the importance of managers' work-based tacit knowledge as triggers of new concepts. Communication was in all the cases the one most critical success factor behind the collective learning process resulting in an innovative new practice.

Keywords: Public Sector Innovation, Practice-based Innovation, Leadership, Learning, Workplace Learning, Communication.

1. Introduction

What might trigger the managers and employees in public organizations to initiate developmental projects and create new solutions? Bason (2010), for example, points out that managers and employees must feel the impulse and have the capacity to respond and react to the citizens' increased needs and demands. Reasons often stated as driving forces when the literature is reviewed are efficiency requirements faced by the management of public organizations. New technology which can improve productivity and decision making through internal administrative IT systems is an aspect sometimes brought up when it comes to answering where innovation comes from (see e.g. Bason, 2010; Bloch, 2010; Bugge et al., 2010; Koch, 2006; Windrum, 2008).

In addition, there are those who maintain that this added emphasis on public sector innovation (PSI) comes in the wake of, or is inspired by, New Public Management (NPM). Windrum (2008, p. 15) argues: "The NPM regime is an important factor shaping the direction of innovation in the public sector". Hall and Holt (2008) claim that growing awareness of management skills and attitudes as well as enhanced managerial freedom for initiative, independence and responsibility concomitant with deregulation has created an important catalyst for innovation in public sectors.

Furthermore, it is the perspective of many academics, and one which is adhered to in this paper, that PSI could be classified as practice-based and a function of collective innovative or expansive learning at work (see for example Darsø and Høyrup, 2012; Nilsen and Ellström, 2012, Ellström, 2010, Engeström, 2011, 2001, 1999, 1987). Darsø and Høyrup (2012, p. 144), however, argue that: "only little research has been conducted in the field of linking learning and innovation".

This paper aims to widen the understanding, from the learning perspective, of the public manager as a leader and facilitator of innovative and entrepreneurial solutions in public services. The focus is on exploring the interviewed managers' lived experiences of leading developmental work and the account of events, actions and human interactions as expressed in their stories. The question discussed in this paper is: What makes a difference when leading innovation in public services?

2. Theoretical Framework

Innovation is by no means a clear term in people's minds when it comes to public sector services. Is there a difference between innovation in the private sector and innovation in the public sector? During the past decade or so, for example, the Publin project (Koch and Hauknes, 2005), the Interact project (Koch, 2006) and the MEPIN project (Bloch, 2010 and 2011) have worked towards generating a conceptual framework for analyzing activity changes in the public sector that could be classified as innovation. This work is based on the perspective that innovation is deliberate change in behavior where attempts are made to apply new solutions and methods when carrying out everyday tasks with specific objectives in mind (Bloch, 2010; Koch, 2006; Koch and Hauknes, 2005; Mulgan and Albury, 2003). The main criterion for the definition is that the innovation: a) leads to new or significantly improved services (products), processes, methods or systems, b) has been successfully implemented, c) creates or adds value for the stakeholders. The process does not have to involve innovation with regard to society as a whole, but must be new within a specific institution (Bloch, 2010; Koch, 2006; Koch and Hauknes, 2005).

When looking at the private sector or a company on the market, innovation is seen as a linear process and a function of deliberate investments in R&D (Ellström, 2010; Windrum, 2008; Koch and Hauknes, 2005). When, on the other hand, we turn our attention to the public sector, a different perspective is needed. In this regard, various academics bring together innovation, collective learning at work and organizational knowledge creation (see e.g. Darsø and Høyrup, 2012; Engeström , 2011, 2001, 1999, 1987; Engeström and Sannino, 2010; Ellström, 2010; Fenwick, 2008, 2003; Nonaka, von Kroch and Voelpel, 2006; Nonaka and Takeuchi, 1995).

Yrjö Engeström (2001) argued that the mainstream traditional conceptualizations or standard paradigms of learning that the field of management and organizational studies has mostly emphasized have little to offer when it comes to analyzing the innovation process at work. He talked about the futility of the standard learning paradigms and theories of organizational learning as typically weak in spelling out the specific processes or actions when coping with change or contradictions demanding change (Engeström, 2000, p.967). He (1987) first presented his theory of expansive learning as a response to standard paradigms of learning in relation to analyzing and explaining the developmental work in organization. According to the expansive learning theory contradictions play a central role as sources or driving forces for change and development in activity systems (Engeström, 1987, 2001, 2011). It is based on Hegelian dialectics claiming that economic and societal development is driven forward by tensions caused by pressing external or internal contradictions and human efforts to solve them.

Such a context or conditions calls for individual development since people are learning, i.e. expanding their range of possibilities and action, because they face challenges and solve problems vital to their activity (Toiviainen, 2003). A person or individual (or a group) caught in disjunctive, problematic or even double bind situation may perceive the situation in such a way that "no matter what a person does, he can't win" (Bateson et al., 1956, p. 251). Then the person feels that action is required, but the opportunities to meet this requirement do not exist. In such a situation, participants must be equipped with the potential to analyze the disturbances, problems or the double binds and search for causes or explanatory factors/issues. Nonaka and Takeuchi (1995) refer to this process as socialization and externalization. Engeström (2001, 2011) maintains that this requires a lot of groundwork, digging into the history and the actual situation of the activity system under scrutiny. The newly found explanatory relationship might then evolve into a new model or a new way of doing things. After testing, the innovation is made explicit and then systemized and implemented into everyday practice.

Heifetz and Linsky (2002) talk about adaptive challenges when there is a context or situation that requires new discoveries and adjustments from people and places in the organization or community. They argue that such challenges require the manager to exercise adaptive leadership, through changing people's priorities, beliefs, habits and even loyalties. What is important for the manager who leads adaptive changes is to observe, diagnose and identify the adaptive challenge. She has to interpret not only what people are saying, but "listen to the song beneath the words" and diagnose the political landscape (Heifetz and Linsky, 2002, p.64 and 96).

Mintzberg (2009) in his model of the manager's job emphasizes communication as the key element and mediating instrument to ensure that people and activity units are working towards the organizational purpose and objectives. The focus is on linking people, building relationships and creating an environment of collective learning and trust.

Similarly, Darsjø & Høyrup (2012) maintain that communication is central to innovation, a perspective many fail to acknowledge. They suggest that conversation or dialogue revealing tacit knowledge and gaps of not knowing, triggers open questions. This and building relations characterized by trust and respect is what Darsjø & Høyrup (2012) see as constituting a constructive foundation for the innovative crystallization of new concepts.

3. Method

The study presented here is an ongoing narrative-inspired multiple case study of managers in seven different organizations providing public services. The criteria when choosing the cases in the study were firstly that they represented novelties in public services. Secondly that the results were found to be striking and had attracted attention in Iceland for being an example of successful management and leadership of public sector innovation. Two of the cases drawn on represent experimentation and new solutions. One is a privately owned-publicly financed nursing home with several different types of innovation, e.g. conceptual, administrative, organizational and systemic innovation. The other one is a new primary school in Reykjavik where innovative procedures in school work were tested as well as new and creative ways of managing and leading the new school. Five out of the seven cases are developmental projects in five different public institutions in Iceland. These were nominated for, and received, a prize in a competition for innovation projects in public services in 2011.

Data was collected through interviews (in some of the cases repeated interviews) with the managers who were the leaders of the developmental work projects. The ten interviews drawn upon in this paper were semi structured and open-ended dialogues. Each interview lasted between one and a half and two hours. They were tape-recorded and later transcribed. To prepare for the interviews, and also during the data analysis, a variety of documents were consulted, including project descriptions (submitted for the purpose of the competition), power-point presentations of the projects, the assessment reports, newspaper articles, home pages etc. This was for the purpose of triangulation between data from the interviews and data from the documents in order to obtain a more complete picture.

The data analysis was conducted in stages. As a first stage, the transcribed interviews were read and reread. Analysis sheets were compiled to identify and code major themes that emerged. Next I used these themes to organize and write interim narratives. According to Clandinin and Connelly (2000) interim narratives are texts situated in the spaces between field texts and the final texts and are typically those with which the narrative inquirer can experiment. I then draw on and use some of these interim narratives in this paper, after having asked my interviewees to review them and express their comments.

In the next section I present descriptions and quote two of the seven managers' narratives that throw light on the triggers of the developmental work and the question: What makes a difference when leading innovation in these public services?

4. Central Findings

When the interviewees were asked to describe the context and conditions in their practice and reflect upon what had happened step by step, the narratives revealed contradictions, i.e. a conflict between the ideal type of work and the reality in practice. Below I refer to narratives from two of the cases studied.

4.1   There were unfulfilled needs and inadequate managerial situation.

4.1.1 The context and conditions of the primary school system

In the autumn of 1996 the municipalities took over the management of the primary school system in Iceland. In Reykjavik the management of primary schools was then administered by the superintendent of primary schools. Along with this change the goal was to increase the authority of school principals to implement NPM.

At the outset of the new millennium the educational authorities in Reykjavik had a vision and guiding principles for the "primary school of the future". Those were an open school system and individualized (or personalized) learning, together with an emphasis on students' well-being. The primary contradictions faced by the authorities, as they endeavored to implement the vision and new goals, were revealed in the collective bargaining agreement of the teachers' union (CBA). According to this agreement, both working hours and work organization were strictly defined. Any flexibility to work towards development and a new form of public management was severely limited. The CBA created tensions, a managerial dilemma and even a double- bind situation.

In 2005 an experimental project was launched in a new primary school in Reykjavik. What made this new school special was the fact that it was exempt from certain clauses in the teachers' union CBA. This included an option to negotiate with teachers for work-hours from 8:00 to 17:00, which were in line with work-hours in the CBAs of other university educated municipal employees. The teachers' entire work quota was to be confined to those hours.

This gave the newly hired principal, whose name is Sif, a mediating instrument in her challenging work of designing and implementing a new transformative practice. In Sif's opinion, the traditional organization of work and division of labor where one individual, the teacher, is responsible for the instruction and almost all of the communication with a class of 25 students and their parents (50 individuals), is not the ideal setup for modern society.

4.1.2 *An obsolete and outdated product and distribution method at the Icelandic Library for the Blind*

When Thora was hired as CEO at the Icelandic Library for the Blind (ILB) in June 2007 the library's services had remained unchanged for a long period of time. ILB's role and mission according to the law is to provide suitable materials for people who are blind, partially sighted, dyslexic and others who are unable to make use of printed matter. About 70% of the library's customers were elderly people (70+), blind people were 20% and 10% were people with dyslexia or with health problems which prevented them from using printed matter. "The library was being converted into a collection of romantic stories" Thora said. The library lent out audiocassettes or audio books on cassettes which was an obsolete or outdated format. Similarly, the lending and distribution system was out of date. The customers made phone calls to the library to borrow cassettes. Soon Thora realized that she and the ILB were approaching a double-bind situation. She had to seek new ways to manage the library's activities. She said:

> "I envisaged that if this library was to thrive and expand we would have to adopt an electronic mode of communication, set up a website and provide people with online access. This applied particularly to young people who do everything on their computers. So that now books are exclusively in MP3 and Daisy formats, and can be uploaded to a server for distribution anywhere"

4.2 The managers' tacit knowledge triggers new concepts

In all the managers' narratives I refer to in my study, their own work-based experience, characteristics and competence stands out. Here reference is made to narratives by two managers, from the records, to shed light on the importance of managers' tacit knowledge in the innovation process.

Sif had been a teacher and principal in a small country school for 20 years when she was asked to take on an experiment in designing and managing a new primary school. During those 20 years in the country school, she gained valuable experience by tackling the various challenges of traditional schoolwork where "everyone was supposed to walk in step" but found this difficult; this applied both to staff and pupils. Sif said:

> "I brought my experience and knowledge of various innovations which I had tried out and implemented. I shared these with my fellow management team and subsequently we developed them further in our new school".

She obtained a diploma in school management and went on to complete a master's degree in the same subject, after she became the principal of a new school. She mentions that she keeps up regularly with school-related research and tests and introduces what she finds to be of special interest. Sif's narrative and discourse clearly shows that she is well versed in management and leadership studies, no less than in the pedagogical aspect. She is particularly keen on human resource management and the task of coordinating people so that they all work according to the same principle.

Thora who has a master's degree in literature brought significant and varied experience to the position of CEO at ILB. Thora's story was:

> "… I had worked in book publishing for 20 years. I established a company with another lady and remained there for two and a half years, or until I was on the verge of bankruptcy. Then I began working independently, as a translator, for two years. After that I was an editor for a number of years. So I have a strong background in book publishing and as an editor and promotional manager … The only thing I have not done is to write my own book ..."

When Thora is asked from where she obtained the idea of how to change ILB she says:

> "I am involved in Nordic cooperation and I meet library directors in the other Nordic countries twice a year. I visited all the libraries and became acquainted with what they were doing. And those are the developments I noted."

She also makes occasional references to her current postgraduate studies in public administration which form part of her library project. Thora says laughing:

> "I sometimes used the library as a small test bed. I kept coming up with new ideas from what I learned. I felt this helped me. But my colleagues were growing a little tired of the process and they would say: "Did you learn that in school today""

4.3   The dynamics of communication

The theme which can be classified as the axis of the managers' narratives was the communication. All the interviewed managers used informing, listening, dialogue or communication as their core mediating instrument in the designing and implementing process. The principle of teamwork is another tool which all the respondents use to a smaller or greater extent in their development work.

4.3.1 "I function better when I am talking to people – better than sitting alone and thinking"

From the beginning, Sif made active listening and conversation her key instruments in the collective learning and development process. Her attitude is that through dialogue and socialization opportunities emerge to present diverse opinions and information.

> "I function much better when I am talking to people; better than when sitting alone and thinking. When exchanging opinions I like a situation where we do not all agree at the beginning; I think this is an advantage. Then we have to decide by discussion which way we want to go. It is certainly preferable to have made a joint decision, rather than if everybody just sat and applauded the cheerleader with no need for discussion. That is not development."

She used conversation and socialization in various ways to activate people. For example she sent two members of the school staff to visit and welcome each pupil and his/her parents before school began in the autumn. This was a new way of doing things, which the school has honored ever since and is well received among the public. Parents have ready access to staff all day, and informal chatting and learning by listening to everybody is encouraged; pupils, parents and staff.

Informal staff meetings are arranged every week. Sometimes, Sif says, they are merely for conveying information, or else there is something that needs to be discussed, then occasionally there is just mundane informal chatting. She also makes active use of planned staff interviews. In addition, larger joint staff meetings are held three times a year; at the outset of the school year with seminars and workshops. By midyear the meetings are more concerned with assessing the work done. Sif says:

> "This is where opinions diverge.We have to be able to find, through discussion, joint solutions or the direction in which we want to go. If we agree right away, we never discuss anything. Dialogue takes us further."

In this way Sif makes continual use of group activities and organized teamwork in every area of the operation and all this has the aim of constant development and innovation. She said:

> "I used the method of confining people's working hours to this place ... we all work in teams. ... I feel I am getting a bit further with various things ... this just feels extremely logical. I had been thinking about this … trying to find ways for people to be simply together; because in work which we are preparing together ... at two o'clock in the afternoon when the children have gone home … you obtain totally different results. If I just go home and you just go home … then we are not talking together."

4.3.2 "If problems occurred, we called the group together"

Thora spent her first year in the job becoming thoroughly familiar with work procedures. She made use of active listening, informal chat and ad hoc meetings to develop relationships, build trust and obtain information.
She visited Nordic sister organizations and discussed with her colleagues there what was happening in their circles, and this is where she acquired new ideas.

She spoke to people within and outside ILB who could explain, guide and advise on decision making. She chose her own ally and fellow administrator from among the staff:

> "I have a technician who has been working here for 15 years … hard working, bright and interested … I spoke to him and asked him to act as my right hand".

Thora understands that change can cause problems for people; "if a problem came up, we called the group together and had a frank discussion about it". Thora's courage was manifested, among other things, in dealing with difficult problems without delay. She said:"if you put off the problems, they just become harder to solve".

5. Conclusion

Developmental projects in public administration, which may be categorized as innovation according to the criteria described here, have now, particularly in the aftermath of the financial crisis, become a standard requirement which public administrators have to tackle. Innovation in the public sector may be regarded as practice-based, i.e. it takes place in the everyday working environment and relates to the production of goods and services in an organization (Nilsen and Ellström, 2012). Thus, the workplace or the activity system (cf. Engeström, 1999) can be seen as the site of learning, knowledge creation and innovation (see, for example Nilsen and Ellström, 2012; Darsø and Høyrup, 2012; Ellström, 2010; Engeström, 2001 and 2007; Nonaka et al., 2006).

In the developmental and innovation projects examined in my study, an attempt is made to match the narratives of administrators who were key subjects in the innovative process towards Engeström's expansive learning cycle model. All the interviews with managers in this study manifested contradictions revealing a conflict between an ideal type of work and reality in practice. These primary contradictions concern what I call social need, i.e. society or certain citizen groups are not receiving a satisfactory service. The findings indicate that there were unfulfilled needs of citizens (groups) that were the first stimulus of a situation or a problem that needed to be dealt with. This corresponds to the first stage, i.e. the need state, or the questioning phase, in Engeström's expansive learning cycle model.

Another (inner or secondary) contradiction revealed by the data is a management dilemma, triggered by accumulated tensions and discontent with current methods, tools or work organization. In some of the cases referred to in this paper, the situation could even be identified or classified as locked or a double bind (cf. Bateson et al. (1956). This can, with the aid of appropriate management competence and action, stimulate or lead to an individual or collective search for solutions that may or may not bring about new products or innovative working methods. In the narratives or the empirical data analyzed in my research project, the manager is a key subject or actor in launching and leading the development project. This may be regarded as a clear parallel with the knowledge creation process, which Nonaka et al. (2006) and Nonaka and Takeuchi (1995) describe in the famous SECT model. Managers' tacit knowledge enhanced through interaction and conversation and shared with other participants (e.g. employees) through relations and dynamic communication is similarly the driving force behind conceptualizing ideas and the design and form of the developmental projects. This demonstrates Bateson's (1972/2000:279) salient point: "learning is a communicational phenomenon".

The several of the interviewed managers mention the way their formal further education becomes integrated into their personal tacit knowledge which they draw upon. Subsequently, through teamwork, this tacit knowledge is articulated into concepts and explicit knowledge. By designing a teamwork situation and circumstances, for example by planning meetings and the mediation of information, the administrators in this research initiate the process of effective innovative learning at work.

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