INNOVATIONS IN GOVERNANCE

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Abstract

This article explores a special class of innovations - innovations in governance – and develops an analytical schema for characterizing and evaluating them. To date, the innovation literature has focused primarily on the private rather than the public sector, and on innovations which improve organizational performance through product and process innovations rather than public sector innovations which seek to improve social performance through re-organizations of cross-sector decision-making, financing and production systems. On the other hand, the governance literature has focused on social co-ordination but has not drawn on the innovation literature. The article uses four case studies illustratively to argue that innovations in governance deserve greater attention theoretically. Further, it argues that five inter-related characteristics distinguish public sector innovations in governance from private sector product and process innovations. Innovations in governance: (1) go beyond organizational boundaries to create network-based decision-making, financing, decision-making, and production systems; (2) tap new pools of resources; (3) exploit government's capacity to shape private rights and responsibilities; (4) redistribute the right to define and judge value; and (5) should be evaluated in terms of the degree to which they promote justice and the development of a society as well as their efficiency and effectiveness in achieving collectively established goals.

INNOVATIONS IN GOVERNANCE AS AN EMERGING RESEARCH AGENDA

Recently, there has been a great deal of both professional and scholarly interest in "innovation" in the public sector (Altschuler and Behn, 1997; Borins, 1998; Hartley, 2005;

Moore, 2005, Mulgan and Albury, 2003; Albury, 2005; National Audit Office, 2006). Innovation is seen as a key means to go beyond the quality improvement approaches of the 1980s and 1990s into a step change in the overall efficiency, effectiveness and responsiveness of government and public service organizations. While some analysts focus primarily on innovation as a contribution to improving service "delivery", others also recognise its potential for reclaiming some legitimacy of government as a value-creating institution, by being more responsive to the needs and aspirations of citizens and users of services.

For their part, public management scholars (Hartley, 2006; Osborne and Brown, 2005; Landau, 1993; Walker, Jeanes and Rowland, 2002, Koch and Hauknes, 2005; Moore, 2005) discuss what constitutes public sector innovation, what sorts of changes in government[1] count as important innovations, how much innovation occurs, whether it is sufficient for a rapidly changing society, and what structures and processes promote or retard innovations.

Our focus in this article is on a special class of innovations in the public sector that we want to characterize as "innovations in governance." These innovations differ from standard intra-organizational innovations in products, services, and production processes in at least two important senses. On one hand, the innovations are conceived and implemented above the organizational level: they involve networks of organizations, or the transformation of complex social production systems rather than changes solely within a particular organization. On the other hand, these innovations focus not only on concrete changes in what particular things

[1] In this paper, we use 'government' to refer to both government organizations (e.g. federal and national government, local government etc) and public service organizations which may have a degree of autonomy from central government, such as health services, criminal justice services, and agencies concerned with the environment, public health etc but which are funded and regulated as part of the public service sector.

are produced through what particular production processes, but also on the ways in which productive activity is financed (or more broadly, resourced), the processes that are used to decide what will be produced, and the normative standards used to evaluate the performance of the social production system.

Importantly, when we turn to the literature for guidance about how to understand such innovations, we find a gap. The innovation literature (for both private and public sectors) helps us understand what counts as an innovation. That literature makes it clear that innovations have to be more than mere ideas: innovations are *new ideas and practices brought into implementation* (e.g. Tidd et al, 2001; van de Ven, 1986; Wolfe, 1994). They are therefore different from inventions (Bessant, 2003). Some commentators also add that an innovation is different from continuous improvement or other minor changes. For example, Lynn (1997) argues that: *'Innovation must not simply be another name for change, or for improvement, or even for doing something new lest almost anything qualify as innovation. Innovation is properly defined as an original, disruptive, and fundamental transformation of an organization's core tasks".* In this formulation, innovation is a step change for the organization (see also Utterback, 1996). Moore and colleagues (1997) argue that innovation is "*large enough, general enough and durable enough to appreciably affect the operations or character of the organization."* Innovation may also include reinvention or adaptation of an innovation in another context, location or time period (Rogers, 2003; Thompson, 1965).

What is interesting about this literature for our purposes is that much of it is focused at the organizational level of analysis, with innovation viewed as important changes in what organizations produce and deliver – not necessarily changes in structures and processes operating above the level of a single organization, and focusing on financing, decision-making, and evaluations of performance as well. If, then, there were marked changes in how a particular socially important result was being produced, and that was created by a re-organization of a wider social system that governs production in that broader domain, then that literature would have develop to reflect and understand how changes could be introduced in these broader social decision-making and production systems.

When we turn to the governance literature, in contrast, we find a literature that is attuned to an analysis of the broader social systems that guide, finance, and produce large social outcomes. Kooiman (2003), for example, has defined governing as "*The totality of interactions, in which public as well as private actors participate, aimed at solving societal problems or creating societal opportunities; attending to the institutions as contexts for these governing interactions; and establishing a normative foundation for all these activities*" (p.4). Government, as an important governance institution, is able to use its powers to convene actors from different sectors, and to both regulate and finance their activities, might play an important role in introducing innovations in the (social level) governance of the social production systems. But this literature does not hone in on the precise ways in which the outputs and production processes of the (social) production system have been altered by a change in governance arrangements, nor the methods that were used to bring this new governance system into existence, and to sustain its operations. In short, the governance literature misses the detailed operational focus that characterizes the innovation literature.

The gap in the academic literature on innovations in governance, noted by Hartley (2005) is unfortunate for the practical world seems to be producing a great many innovations of this type. Indeed, we seem to be going through a revolution in the governance of public production systems as governments seek to reach beyond their borders to find additional resources, additional operational capacity, and even additional legitimacy to achieve their assigned goals. Some of the innovations involve changes in organizational level governance, for example, a school is required to establish a parent's council that can oversee its operations, or patients in public hospitals are given increased powers to voice their concerns about service quality. In other situations, the innovations involve new ways of knitting elements of different organizations together to create a more effective problem-solving approach to a given problem (Skelcher, 2005). Hill and Lynn (2005) argue that "the focus of administrative practice is shifting from hierarchical government towards greater reliance on horizontal, hybridized, and associational forms of governance". These shifts, in line with other changes associated with 'networked governance' (Benington, 2000; Newman, 2001) have implications for management, both in terms of organizational and inter-organizational processes and potentially performance.

Hierarchical government has been able to harness the use of state authority as well as resources to achieve outcomes, sometimes coercively (e.g. through legislation about taxation and military powers) and through its claim to have a democratic mandate. The shift to achieving societal goals through partnerships with the private, voluntary and community sectors means that influence becomes a significant strategy as well as (sometimes instead of) formal hierarchical authority (Hartley and Allison, 2000). This has implications for the ways in which managers undertake their tasks and for the organizations, partnerships and networks within which they do this. Hence innovations in governance become important to analyse as well as service innovations.

The gap in the literature is not hard to fathom. . Both academics and professionals who have sought guidance about how to produce value-creating innovations have generally turned to the private sector for inspiration and guidance. They do so for two reasons. First, the private sector tends to give innovation a more prominent place in improving performance than government has done. Second, there is simply more scholarship on private than public management. Consequently, in seeking scholarly guidance about the role of innovation in improving governmental performance, and the processes that can foster value creating innovation, one naturally turns to the private sector literature. However, the private sector literature has not examined innovations in governance (Hartley, 2005). Many of the innovations which concern the public sector are not the process and product innovations that have been the meat and potatoes of innovation in the private sector. They are, instead, innovations designed to re-shape a broader social system that not only produces public goods and services (and in doing so, to transform aggregate social conditions in socially desirable ways), but also provides the financing and material to produce these results. They also shift the location of decision-making authority over the new system to determine how the benefits and burdens of that new system will be distributed.

Repetit

Evidence that "innovations in governance" have been an important part of the overall level of innovation in government is not hard to find. Most descriptions of important innovations in government tend to focus on these kinds of innovations as well as product and process innovations. Evidence that innovations in governance have given the academics trouble comes from the fact that when the theoreticians seek to categorize different kinds of innovations, they often start with the familiar product, process, and technology categories, but end up having to create some kind of residual category. Walker et al (2002), for example, include the concept of "ancillary innovation", defined as that which involves "organization-environment boundary innovations". Mulgan and Albury (2003) talk about "systemic innovation" which result from or are based on the development of new underpinning technologies (or production systems) and/or organizational forms necessary to sustain and guide these new production systems. On the other hand, Hartley (2005) includes governance innovations in the dimensions (not categories) of innovation. These include changes to institutional forms of government (such as the devolution of power from national government to newly established governments for Wales and Scotland) and changes in organizational form and arrangements for the planning and delivery of services (e.g. privatization, new collaborative arrangements between the public and private sectors) as well as those innovations that provide for greater public and/or user participation in service design and delivery, and in the use of boards to govern particular choices and services (e.g. school governing bodies).

Method of enquiry

The purpose of this article is to initiate a more sustained, detailed investigation into this particular class of innovation that seems to be both very important in government, and less well understood by the private sector literature.[2] The method is to look closely at a small number of public sector innovations (based on documentary evidence, obtained from teaching cases and from official reports and the media) that seem to fall within the broad set of innovations in governance, taking care to ensure that the selection of the cases includes some important variants. We do not offer these cases as reliable histories of events, nor complete evaluations of their social impact. Nor do we offer these cases as a representative sample of innovations. We offer them, instead, as particular instantiations of innovations in government that do not seem to fit the accepted frame of product and process innovations discussed in relation to the private sector. They provide an opportunity to explore these apparently anomalous forms of innovation. The value of the cases lies in their ability to challenge our conceptual thought, not in their historical accuracy or representativeness. From the cases we develop five propositions about how innovations in governance are distinctive from product and service innovations. The cases are summarised in Table 1.

INNOVATIONS IN GOVERNANCE: SOME ILLUSTRATIVE AND CHALLENGING EXAMPLES

Contracting with community groups for Child Protection Services

The Massachusetts Department of Social Services was experiencing considerable difficulties in achieving the goals of their Child Protection Services (CPS) programme. Preventing abuse and neglect of children had to be addressed within financial constraints and with due regard

[2] Note: there is an equivalent issue in the private sector: namely, when private firms construct new contractual relations, or more ambitiously, new governance relations, to improve their individual firm performance (see Tidd et al, 2005). This includes mergers and acquisitions, that are evaluated in terms of the impact they have on the market position of the firms involved in the mergers. It also includes the complex bundles of ownership rights and responsibilities that have integrated high tech bio-med firms. It may even include choices that socially conscious enterprises make about whether and how to form working partnerships with nonprofit organizations. For our purposes here, however, we will focus most attention on these activities in the public sector where government is one of the important actors in creating or acting within a particular governance scheme.

for the privacy of families and the rights of parents. As the agency sought to balance the interests of the care of children on one hand and the rights of families and parents on the other, it made decisions with negative consequences of two kinds: failing to intervene where abuse or neglect was subsequently found, and intervening where the cases turned out not to require action. The difficulty of making the appropriate response in circumstances that are inherently complex, dynamic, and unpredictable (c.f. Hoggett, 2006), as well as the sensitive and ambivalent nature of the issues involved, meant that the CPS suffered from a chronic threat to its legitimacy and effectiveness.

Such problems were particularly marked among immigrant communities of Boston. Many did not trust the intentions, methods or procedures of the CPS. They thought that the CPS did not adequately understand the culture of local communities, which affected what constituted good and bad parenting in that context. They did not think the Agency obtained accurate information from individuals about family conditions or interpret it properly. They did not think the agency had much to offer them when there were instances of abuse and neglect.

Faced with this perceived crisis in the performance and legitimacy of the CPS, which was also in serious financial difficulty, the Massachusetts Department of Social Services developed an "innovative" approach which was based on contracting out the service and which implicitly shifted the governance arrangements through delegating the responsibility for receiving and responding to complaints about child abuse and neglect to community-based organizations because they enjoyed much closer connections to, and much greater legitimacy with, immigrant communities. This seemed innovative not least because it tapped into a wider set of capacities and resources than the agency possessed: local knowledge of the customs and mores of parenting, ability to obtain and interpret information about conditions within a family, and a capacity to make interventions that would feel appropriate and useful to the affected.

However, behind this change lay some troubling questions for the observer. For example, was the state delegating either the de facto or de jure right to define what constituted abuse and neglect to a community-based organization? If not, what decision-making and administrative systems would ensure that the community-based organizations applied CPS standards accurately and consistently? What would happen to the legitimacy and effectiveness of the community-based organization if it was required to enforce CPS standards of care and intervention? Would such a move undermine exactly the kind of innovativeness that the State was seeking through this contract?

To make the arrangement workable, both organizations had to learn to recognize their own and the other party's interests and negotiate differently. The government agency had begun with the goal of contracting out child protection services, defined largely in terms of hearing and responding to complaints about child abuse and neglect. The community-based organization defined its interest in persuading the CPS to give it money for the provision of services to clients, without taking responsibility for setting and enforcing standards. In fact, these views dominated the actual negotiations and led to a contract that was somewhat cynical on both sides: the CPS claimed to have widened responsibility for abuse and neglect services (while actually shifting its responsibilities and lowering its costs) and the community-based organization accepted this responsibility but without really taking the full responsibility for doing the work, or accurately pricing the level and activities required. The inadequacy of the contract was exposed later when a child in the care of the community-based organization was found to have been seriously abused. A formal investigation showed that the community-based organization had not, in fact, taken the kind of consistent responsibility for the care of children that the CPS claimed to have contracted for.

This case illustrates that innovation does not necessarily lead to improvement (see also Hartley, 2005 for this distinction). There was potential for an innovation which would have enhanced public value (Moore, 1995; Benington and Moore, forthcoming) by paying explicit attention to the governance as well as the service innovation. Such an innovation would need the community-based organization to organize a community-based discussion about problems of abuse and neglect and ways to address child protection. It might have orchestrated such a discussion either on its own, or with the CPS and possibly other interested stakeholders. Then, following that community-based discussion, a whole system of prevention and intervention involving individual and collective, community-based and governmental action, might have been developed. The difficulty for the CPS was that it had been unable to focus on this as an innovation in governance arrangements because they would only contract for service or process innovations in child protection.

Private Partnerships to Support New York City's Parks

The New York Park system was once one of the glories of life in New York. Initially conceived in the mid-nineteenth century by Frederick Law Olmsted as oases from urban squalor, and then extended as a wide network of easily accessible green spaces, New York's parks had long been a refuge for city dwellers. By the late 1960's, however, the parks were falling into disrepair. The gardens were trampled; trees were vandalised, the greenswards were dusty and littered; the recreational equipment broken. They were less often and less widely used because they seemed, and actually were, increasingly dangerous.

The city government parks organization had become overwhelmed, with insufficient financial and staff resources to run the city's parks. It could not rely on citizens to use the parks well nor could it generate public commitment to the parks. Senior managers decided on a new approach. Instead of the organization acting as though it was the only body responsible for the parks, they decided to reach out for partnerships with citizens' groups, to encourage a greater interest in the parks in exchange for somewhat greater control over what happened within them. The partnerships they created took different forms in different parks but in each case citizen groups were invited to contribute direct resources to the park. This was not through taxation (which ensures that the costs of park maintenance are fairly distributed amongst all citizens, but which reduces the perception of a personalised effect of contributions). Instead voluntary contributions of time and money to particular parts of, or particular activities within, each park were solicited. From one perspective, such partnerships might be viewed as "selling" a piece of the public park to a particular set of users in exchange for an additional voluntary contribution of labour or money. In practice, the newly renovated parks and the new, jointly sponsored activities were not exclusively for the contributors; because they were (at least in principle) still available to all. The volunteers may have felt particularly attached to the park renovation and they may have felt some special entitlements to use the space, and to host those who came to use the parks. But the parks retained their public character in that they were free to all and the overall set of uses for the parks did not change.

Through these partnerships, the NYC Parks bloomed again. They became prettier, safer, and much more widely used without costs to government increasing. Arguably, the public value of the parks had been enhanced. On the other hand, the commitment of voluntary time and resources created a certain degree of informal moral agency and claim over influencing the debates over public purpose, as we will explore later.

Congestion Charging in London

London is widely viewed as a world city, the powerhouse of the British economy, and an international gateway for investment and tourism. Yet it has been dogged by an inadequate transport system which is seen as limiting economic growth and the quality of life of its citizens, workers and tourists. A combination of problems (under-investment in public transport, deterioration of the railway system following privatization, fragmentation of decision-making about infrastructure including transport planning and provision) had left London at the turn of millennium with traffic congestion problems on a major scale. Private and commercial vehicle use in central London had become slow and unpredictable, affecting business and leisure time. Public transport was unreliable, giving car drivers little incentive to use public transport instead.

The development of an innovative solution partly in the form of congestion charging, came from a particular combination of circumstances. The Transport Strategy was developed in recognition by politicians and managers that four factors coincided in a way which meant that it was possible to start to resolve London's transport crisis. First was the innovation in governance of the establishment of devolved government for London as a city. The new Greater London Authority, with a directly elected mayor with a manifesto about improving transport and travel gave a strong democratic mandate to tackle transport problems. In addition, at the same time, London's transport services were integrated through the establishment of a new organization, Transport for London, (a strategic innovation which underpinned part of the governance innovation). Third, the central government, still newly elected, provided a level of financial resources which helped to tackle chronic under-investment. The fourth element was the hiring of key senior international managers with a proven track record of tackling transport problems. Each of these elements can be considered an innovation in their own right, and these were used together to develop an innovative strategy to congestion in central London. A charge was introduced, from February 2003, for using a vehicle (other than taxis) in the central 8 square miles of London during the day. This was the first time for generations that roads in London had been subject to a toll for use.

The approach faced a number of political and technical/operational problems initially. Establishing a consistent and fair way of warning travellers of imminent entry into the charging area, and monitoring road use so that the charge could be applied were important. So was ensuring that payment and enforcement was effective, efficient and feasible, with travellers having access to information about other forms of travel. There was also a challenge also to ensure longer-term viability of the scheme, and encourage behavioural changes in the travel habits of the millions who lived and worked in London.

The political challenge was to create a vision and mobilise for the proposed changes, with long-term commitment to the innovation. When the policy was first proposed by the Mayor, chaos and disaster were predicted by the opponents of the scheme and even ordinary Londoners were sceptical about whether it would work. Civil disobedience, traffic gridlock in the area just outside the charge zone, and intolerable pressure on the bus, underground and rail networks were all predicted. The plans of the elected mayor and the newly devolved Greater London Authority, along with Transport for London were all put under the spotlight by the media, and by lobbying groups, though some groups were supportive. Politicians took time and care to outline London's problems, to explore options and to listen to concerns about the new scheme. Managers held consultation events around London to learn about the ways in which different groups might be affected. An important issue was to ensure that congestion charging shaped travel behaviour in fundamental ways not just raise funds for the city. In other words, citizens and visitors had to learn to adapt to the new system. Since the introduction of charging, car traffic has reduced by about 30%, business has benefited from shorter and more reliable journey times, public transport has (largely) coped, and cycling has increased.

Elder Care in Singapore

Singapore's highly centralised national government is committed to, and has achieved, dramatic economic growth fuelled by foreign direct investment. Among the conditions that attract investment was a government that protected private property rights, and that could promise labour peace. Partly to achieve this, government guaranteed access to high quality housing, which was highly prized by families.

Economic development gradually produced strains on the social and governmental structures. There was an increasing demand for governmental processes that were more open and democratic – that allowed or encouraged debates about public policy, and made governmental actions more accountable. Also, as society became exposed to more individualistic Western cultures, social relationships in families were altered, and concern arose about an ageing population. Longevity was increasing, and despite the decades of economic growth, it was possible that those who had created that growth would not be financially secure in retirement.

To many, the ageing population was not a problem because a well-established social custom located responsibility not on the individual or the state, but on offspring. They had a duty to attend to their parents' needs which had been strong enough to produce both reliable care from the vast majority of Singaporeans, and vigorous informal criticism of anyone who seemed to abandon their ageing parents.

However, the customary system had always been incomplete (for example, what about elders with no children?). It had always been imperfectly enforced (there were some children who neglected their parents, and those parents had no formal right of action against their children). In addition, there was concern in government that customary duties were weakening under the influence of both Western ideas and a sense that the state would provide. It was conceivable that this customary system would break down, leaving many elderly people exposed to penury and loneliness.

This issue was taken up by an appointed legislator as his particular cause. He proposed a new public law to underpin the customary duty. The law required children to care for their parents in kind or by financial contribution, and gave neglected parents recourse to the law. It also allowed the state to pursue children who failed in their duty of care. The shift from the customary system to backing with statutory requirement and a right of action was a significant innovation.

PRELIMINARY CONSIDERATIONS

We think it is fair to say that these sorts of innovations differ from the product/service/ process innovations that have been the focus of such extensive attention in the private sector literature. But many of the most widely remarked and celebrated innovations in the government sector seem to be of these broader, more structural types where production, financing, and decision-making are all moved around in a new configuration to reshape the system that determines what gets produced, how it gets financed, and whose values are given emphasis in guiding the process of social production.

How are we to understand these innovations? They seem to work (to varying degrees) in practice. But where do they fit in our theories of innovation? How might the analytic frameworks we use for characterizing and evaluating innovations have to be changed to accommodate these broader, more structural types?

Are Innovations in Governance Really Innovations?

Let's start by asking whether changes like the ones above deserve to be called innovations, and if so why. We can then turn to the question of what, if anything, makes them different from product/process innovations.

The innovations described above may logically entail, or create the conditions under which many different process and product innovations can occur. For example, it is quite likely that the new governance arrangements in New York's Central Park will generate a wider variety of uses of the park ranging from gardening, to bird-watching, to ethnic festivals. Further, for each of these new uses (or services) a different production and financing system might be generated.

Similarly, the new system for governing the rationing of the roads in London might require the development of many new products and activities that permit the charging of individuals for travel – the technical arrangements that allow us to make what was once a freely used resource to one where use is more exclusive through noting who is using the product/service and charging them for it. But while each of the governance innovations has dimensions of production and service innovation that is not the whole story.

One can also raise doubts about the degree to which these ideas are genuinely new. The fact that these innovations seem to reach out to private associations and private individuals to accomplish public purposes does not seem particularly new. Society, acting with or without the help of government as its agent has always relied on, or been shaped by charity and civic action with or without the financial encouragement and direction of government. Similarly, we have long been accustomed to the idea that prices can be used not only to raise revenues for the seller, and to divide the value of creating a product or service that is desired by a customer between the producer and the user of that product and service, but also to ration limited supplies of a given product, and to channel the products and services who want it the most (conditional on their ability to pay). We have used this idea not only in the private market place, but also in managing the level and distribution of production for such utilities as water, electricity, and communications. So, it does not seem such a big innovation to use it as a device for rationing road use. And we have long understood that public purposes such as elder care could be advanced by requiring individuals to act in accord with public laws as well as by relying on existing moral commitments to induce individuals.

Still, what makes the cases interesting as innovations is that they do, in fact, change the location and financing of social production, and the level and distribution of things that could reasonably be called social or public goods and services. The level, character, and distribution of child protection services change as community-based groups are drawn into the process with government authorization and contracts. The fact that they are drawn into the production process gives them at least de facto, and perhaps de jure roles in deciding what will be produced, for whom, and in what ways, with important consequences for both the parents (whose conduct is now monitored differently), and the children (whose welfare depends so much on the actions of parents). The level, character, and distribution of park services change as the new partnerships are initiated and sustained, and with those changes, an alteration in the observed character and utilization of the NY City park system. The level, character and distribution of the London roads service changes when congestion charging is introduced. The level, character, and distribution of aid to ageing parents is altered when legislation imposing this duty on children is discussed, passed, and enforced through private and public means. And so on.

It is because these innovations change what gets produced, how the old new products and services newly get distributed, how the burden of producing the services is borne, and what happens to the material conditions in society that these "innovations in governance" deserve to be taken seriously as innovations. If they did not produce these material changes in what is produced for whom, and how the aggregate social conditions are changed as a consequence, then they would not be interesting as an important class of social innovations.

FIVE WAYS IN WHICH THESE INNOVATIONS ARE DIFFERENT

The fact that these self-consciously constructed and introduced measures change the material processes through which society seeks to deal with particular problems make them innovations that are worth noting as innovations. From the point of innovation theory, however, what makes them particularly interesting is all the ways in which they are *not* like the innovations in products and services. They seem to differ in at least five, highly inter-related ways.

Bursting the Boundary of Organizations /Creating Network Based Production Systems

First, the innovations described above seem to burst the boundaries of any particular organization, and to re-locate and redistribute where and how socially productive activity occurs. The contracts with community-based organizations shift the production of child protective services from a state bureaucracy to a network of community-based groups. The invitation to private agencies to contribute their efforts to the maintenance of the parks shifts both the production and use patterns of the park from one that was set by the Parks Department to one that is set by the Parks Department working in a network of partnerships. London's congestion pricing system invites drivers in London to find other means for meeting the objectives they pursue by using London's streets.

In each of these innovations, a particular organization stops being the sole locus of change. Further, the organization's future success stops being the sole focus of evaluation. Instead, the focus of attention shifts from the analysis of what happens inside an organization to an analysis of a production system that crosses organizational boundaries, and sometimes (as in the case of both congestion pricing and the law mandating the care of ageing parents) reaches to the mobilisation of millions of decentralised individuals. The way in which the innovation is evaluated, then, is not in terms of whether it increases the productivity or success of a given organization, but whether it succeeds in altering the broad social conditions that have become the focus of some collective concern. That collective concern could have previously been seen as the exclusive responsibility of a given governmental organization, but has now been transformed by the innovation into a problem to be solved by a much wider production system that stretches well beyond the resources that can be directly controlled by any given government organization.

Indeed, it is precisely this move to burst the boundary of an organization's hold on a given (and complex) problem that represents an important part of the innovation. As long as a given problem was held within a given organization, and as long as society relied on that bounded organization to solve the problem, the problem could not be fully addressed. It was only when the society, acting through the agency of government, decided to invite other actors into the solution of the problem that an important change could be made. These innovations are less organizational innovations, then, than system innovations that re-configure production systems for achieving a given social result.

Tapping New Pools of Financing, Material Resources and Human Energy

Second, in many cases, innovations in governance focus not only on changing production systems, but also on tapping new wellsprings of resources. Those new resources that are tapped can come in quite different forms. Some of the new resources involve specific bits of specialised operational capability that turn out to be valuable in achieving a particular purpose the government has in mind. In the case of the community partnerships for Child Protective Services, the State Agency hoped to tap into an asset that a community programme has naturally, and has further developed over time: namely, its established knowledge of, and legitimacy with, the local community. In the case of elder care in Singapore, the innovation is to strengthen a voluntarily contributed, private capacity to care for the elderly with a legal obligation that will, ideally, add force and consistency to a voluntary, customary practice.

Other times, the new resources come in a more fungible form; namely financial contributions. In the case of the New York City Parks, for example, an important part of the innovation seems to be allowing relatively wealthy New Yorkers who want their parks to be nice to make voluntary contributions of money. (The donors can make their contributions a bit less fungible than they first appear by conditioning their availability on an agreement that the government will use them in a particular way. But the specialization in the use of the resources comes via institutional agreements rather than as material aspects of the resources.

In the case of congestion pricing, the new resources come from restraint induced by prices.

Regardless of whether the resources come in the form of money, labour or material, and regardless of whether the resources are highly fungible or are specialized to some very specific purposes, one way that these innovations seem to work in helping to solve public problems is by locating and mobilizing resources that were previously on the side-line or not fully exploited in the public effort.

Exploiting Government's Capacity to Convene, Exhort, and Redefine Private Rights and Responsibilities

Third, in seeking to mobilize more heavily resourced and more effective production systems than it could when it was operating only through existing government organizations with existing governmental resources, government relies on different instruments to accomplish its ends. In the classic form of government-led public problem solving, government assumes the full responsibility for defining a public purpose, mobilizing resources to solve it, and deploying those resources in the most efficient and effective way through a government agency. The principal operating instrument of the government is the taxes used to sustain the operations of a government bureaucracy. In the innovations described above government uses different instruments to achieve its results.

In the case of the CPS, it uses finances not only to support a government agency, but also to contract with a private organization. It does so partly because the organization already has some capacity that the government needs and cannot easily develop, and because it might be able to use moral suasion and the felt responsibility of the community group to make a greater contribution than it could buy from more professionalized or more commercial enterprises.

In the case of the parental support bill in Singapore, government uses state authority to compel those who might be tempted to stray from their customary duty to their parents, and gives vulnerable parents a right to action against neglectful children. The creation of such an obligation has to be accompanied by sufficient resources to ensure that cases brought by parents can be heard in state courts. But the principal asset of the state that is engaged is its authority to direct private action, and to mobilize the forces of informal social control to help enforce the obligation, a force that might be strengthened or weakened through the passage of the law.

In the case of the NYC Parks, the government attracts primarily money and some voluntary labour to improve conditions in the Parks, and it does so by allowing to private parties to make the contributions they wish to make and to earmark their funds for those purposes and places. The important and interesting change here is that the Parks department gives up its reliance solely on tax revenues in preference for accepting voluntary contributions to the parks, and in doing so, gives up its exclusive power to decide how the public parks will be maintained and used. As the price of accepting voluntary contributions, government must negotiate with private parties, and accept their ideas of what particular things they would like to do with the parks, as well as make decisions on their own about what the best or fairest use of the park resources would be.

In these innovations, then, government uses not only its money to animate and direct activity of its own employees or contractors but also uses its direct regulatory authority, and its hortatory, moral power to mobilize private actors to make contributions to public purposes. It also allows individuals to make contributions to what were previously wholly government controlled operations, and in doing so, allows the contributors to begin to make changes to the results of the public system.

Redistributing the Right to Define and Judge the Value of What is Being Produced

Fourth, the innovations described above seem to change the locus of "decision rights" over the use of particular assets in society. This seems to come as an almost inevitable consequence of changing organizational boundaries, and reaching out for private resources. When the state recruits private money and community organizations to its purposes, it seems to give up at least some of its power to define what should be produced, for whom, and in what way. The NYC Parks loses some of its iron control over what happens in the Parks. The CPS loses its iron control over what happens in the handling of instances of abuse and neglect. Because it seeks some voluntary help in both cases, those who provide the help can negotiate the terms under which their help is offered. Because they have the power to "exit," their "voice" becomes more powerful in shaping governmental policy and action. They do not have to remain "loyal" to the government and its purposes.

On the other hand, the locus of decision-making and judgements about value have shifted in emphasis away from the individual to the state in relation to choices over free access (London) and the duty of care to elderly people (Singapore). Decision rights that used to be held by individuals in a private domain had been powerfully re-conditioned by government authority.

Evaluating the Innovations in Terms of Justice, Fairness, and Community-Building as well as Efficiency and Effectiveness

Fifth, because these innovations use government authority as well as government money, and because they re-distribute decision rights over the use of both publicly owned and privately owned assets, they invoke a different normative framework for evaluating the innovations we observe. In the classic case of private sector product/process innovations, the innovations are evaluated largely in instrumental, utilitarian terms. The important questions are whether the new production processes resulted in lower costs, or higher quantity or quality per unit of cost; whether the new product or service positioned an organization more effectively in its preferred markets; and therefore whether it increased the prospects for maximizing shareholder wealth (as revealed in increased public valuations of its stock price).

In the cases considered here, where the innovations seem to relocate either responsibilities for producing publicly valued results, or rights to decide what constitutes publicly valued results, or some combination of the two, one is forced, we think, to evaluate the innovations not only in terms of efficiency and cost effectiveness, but also in terms of what might be considered right relationships in the society – some notion of justice and fairness. After all, when a collective, policy decision is take to move some established responsibility from the private domain to the public domain – as occurred when the Greater London Authority assumed the right to charge drivers for using certain London strees, or when the Singapore government legislated the obligation to provide elder care to the children – we are as interested in the question of whether that is a just and fair allocation of responsibility in the society as we are in the question of whether it will work to transform material conditions in desired directions. Conversely, when a collective, public policy decision is taken to give private parties more power in shaping what were previously governmentally dominated operations – when, for example, the CPS decides to give community-based organizations increased rights to shape the local response to child abuse and neglect, or the NYC Parks Department allows private groups the right to make financial and labour contributions to the Part that are conditioned on their particular ideas of what would be a good use of that public asset – we are also motivated to ask whether such a move is proper or not, and what the implications will be for the overall fairness and justice of a particular public production system.

CONCLUSION: INNOVATIONS IN GOVERNANCE AS A CHALLENGE TO INNOVATION THEORY

In these five respects, then, the innovations in governance seem quite different than the innovations in products, services, and production processes that we have, until recently, associated with innovation in the private sector. These innovations change production systems that cut across the boundaries of organizations, not just those of a single organization. They enlarge the range of resources that can be tapped to enlarge and improve the performance of the production system. They involve changes in what instruments government uses to animate and direct the production system for achieving the desired goals. They alter the configuration of decision-making rights with respect to how private and public resources will be used. And they raise important questions about the distribution of burdens and privileges in the society. Precisely because they involve changes such as these, it does not seem unreasonable to describe these as innovations in the governance of society and social conditions, not simply as innovations in government operations.

In considering the future of innovations in the public sector, innovations in governance are a significant part. It is possible that innovations will continue to evolve in ways which go to the heart of democratic government – the processes by which a community *discovers* its own interests, and begins to speak coherently as a collective about its aspirations of justice, prosperity, social relations and ecological sustainability. John Dewey (1927) wrote in *The Public and its Problems*, that the most important problem facing the public is discovering itself and identifying its own true interests. We argue that this challenge will only be solved by more practice with, and innovations in, the processes of democratic deliberation itself.

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Table 1 Summarising and comparing the innovations in governance examples

	Child Protection Service	**New York City Parks**	**Congestion charging in London**	**Elder care**
Country	USA	USA	UK	Singapore
Presenting problem	Legitimacy of public agency with immigrant communities Inadequate performance of public agency because little understanding of local culture and needs	Parks falling into disrepair Declining useage of parks by the public Increasing crime and the fear of crime	Traffic congestion in London Long and unreliable journey times Quality of life for Londoners deteriorating Lack of adequate transport a barrier to continued economic growth of London as an international city	Aging population Weakening custom of informal care of elderly by their children No provision for childless elderly
Additional problems	Financial stringency of the public agency	Government agency overstretched and under-resourced	Population sceptical about change Lobbying to prevent change	Insufficient debate in the legislature
Governance change	Delegation of receiving and responding to complaints to community-based organization.	Partnerships established to operate each of the parks, with individuals and groups providing money and time to look after specific plots of land	Confluence of innovations providing a moment of change. Devolution of decision-making powers about London transport to the newly-established Greater London authority. Changed public value outcomes sought through congestion	Increase in members of legislature to increase debate Legislation to require filial support of parents.

			charging.	
Form of innovation	Contracting out	Partnership	Devolution within public government	Legislation to support elder care
Responsibility shifted in part to	NGO sector	NGO sector	Suppliers of technology for efficient and fair surveillance and payment equipment.	Children with aging parents
New provision by partner	Local knowledge of customs and mores of parenting Ability to interpret information Interventions expected tobe acceptable locally	Money Time spent in voluntary activities to care for and maintain park spaces.	Behaviour change by the public: fewer cars brought into central London during day, and greater use made of public transport and cycles.	Financial care of parents Stronger values about emotional support
Further outcomes	Incomplete contract leading to lack of acceptance of responsibility by NGO for less popular aspects of child protection.		A further area of congestion charging in London now being planned. Congestion charging considered by other UK cities.	