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## Innovation in public services: The case of Spanish local government



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#### ABSTRACT

The present paper aims to determine the level of implementation of innovations in Spanish local government as well as to identify which types of innovations are most common. The paper also considers the link between innovative behavior and organizational size. However, since innovations cannot occur as isolated phenomena but rather as a part of corporate strategy, the study compares the innovative behavior of the local governments analyzed with their typologies or strategic profiles. In order to achieve the aforementioned aims, the paper uses a survey of the Human Resource Managers of Town Halls in the largest Spanish municipalities. The results of this survey show that the most frequent innovations in the local governments analyzed are collaborative; the largest town halls show more propensities to innovate and they focus on external relationships which are collaborative and on the basis on Information and Communication Technologies. The study reconfirms that town halls with a prospective profile are the most innovative.

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#### 1. Introduction

Since the 1980s, a new philosophy or set of ideas known as New Public Management (NPM) has guided management in Public Administration. Although NPM fosters values and goals of an economic nature, the concept is multifaceted and contains different elements. Firstly NPM entails the search for a type of professional management which makes active, visible and discretionary control over public organizations possible. This philosophy additionally encompasses the establishment of explicit results standards, a stronger emphasis on result control, increased competitiveness, unit disaggregation, deregulation and orientation towards customer service (Christensen & Lægreid, 2002).

NPM covers different themes (Hood, 1995), in particular improving managerial efficiency in the public sector, applying ideas from private enterprises and orienting them towards an improvement of the service delivered to citizens (Jacobsen, 2005; Mathiasen, 1999; Whelan, Davies, Walsh, & Bourke, 2010; Yamamoto, 2003). NPM has become the paradigm which must replace the bureaucratic administration of numerous

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public bodies (Gow & Dufour, 2000), which also requires new management structures and methods.

NPM have links with four administrative megatrends (Hansen, 2011): an attempt to slow down or reverse the growth of government or of the public sector; a change towards the privatization or quasi-privatization of basic public sector institutions; the incorporation of automation, particularly of Information and Communication Technologies (ICTs) into public service production and distribution; the development of a more international agenda that prevails over the individual traditions and peculiarities of each country in public management matters.

Therefore, NPM involves introducing innovation into public management through the use of downsizing and other methods to bring administrations closer to the perspective of their users or citizens. In this sense another of the claims of NPM has to do with the need for collaboration between the government and public administrations on one hand and citizens on the other. Collaboration means participation, negotiation, cooperation, freedom and an unlimited flow of information, innovation and agreements based on commitments and mutual understanding; in short, collaboration implies a more equitable distribution and redistribution of power and resources. Many of these values are totally opposed to the hierarchy, specialization and impersonality assigned to modern bureaucracies (Vigoda, 2002). Such an approach entails a change in organizational structures as well as the development of external relationships with private firms and public bodies and other institutions; all favored by the use of ICTs, which play a role not only in the design of services but also in the service delivery processes.

The present paper considers the level of innovation existing in Spanish local government and attempts to identify the most common innovation types using the innovation model of Walker (2006). As in previous studies (Akgün, Keskin, & Byrne, 2012; Hansen, 2011; Reginato, Paglietti, & Fadda, 2011), this paper will try to determine

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whether the level and/or type of innovation relate to certain internal characteristics of organizations such as their size.

However, organizations cannot introduce innovations in isolation; they have to form part of a conscious strategy. For this reason, another goal of this paper is to identify the strategic profile of Spanish local government and find out if these organizations really have strategic approaches in their managerial agenda. From the different organizational strategy models, this paper uses the Miles and Snow (1978) model because this model specifically considers different strategic typologies that depend on the predisposition of organizations towards innovation. Consequently, the aim is to relate the strategic profiles of local governments to their predisposition to innovation. Despite the existing research on public governments, the authors of this study have not found any studies that establish a link between strategic profiles and innovation types and levels.

The structure of the rest of the paper is as follows: Sections 2 and 3 carry out a review of the literature devoted to innovation and strategy in public management; Section 4 presents the methodology of the fieldwork, which includes the use of a questionnaire completed by human resource managers in the town halls of the largest Spanish cities; the paper finishes with the presentation of the main results, discussion and conclusions in Sections 5 and 6.

#### 2. Innovation in public services: Conceptual background

In the late 1950s, few individuals and small teams were performing research about innovation—mainly economists and sociologists. Initially these two sets of researchers worked in isolation and apparent ignorance of one another. The 1960s and 1970s witnessed a growing contribution from economists and economic historians, from sociologists and from the fields of organizational studies, management, business history and political science. Finally, in the 1980s, studies about innovation become more integrated, principally around the notion of evolutionary economics. From around the mid-1980s, the research about innovation centers on the adoption of an evolutionary (or neo-Schumpeterian) economics framework, an interactive model of the innovation process, and (a few years later) the concept of "systems of innovation" and the resourced based view of the firm (Alajoutsijärvi, Mainela, Ulkuniemi, & Montell, 2012; Martin, 2012).

#### 2.1. Peculiarities of innovation in public services

For many years, research into the area of innovation has focused on innovation in the industrial sector, whereas services and, more specifically, public services have received less attention (Kinder, 2002). However, following the reforms resulting from NPM-inspired ideas, along with the quick incorporation of ICTs into the public sector, studies into innovation in this sector started to proliferate. Table 1 shows this development, which, although not meant to give a thorough review of the existing literature, does reflect how the number of studies devoted to innovation management issues in the public sector has increased to a considerable extent in recent years.

The past decade has seen a variety of efforts to modernize public administration and transform the delivery of public services in many countries. The majority of efforts center on improving the efficiency and effectiveness of internal government operations, communications with citizens and transactions with individuals and organizations, by making information and services available on the Internet (Feller, Finnegan, & Nilsson, 2011). E-government is the widely accepted term used to describe this phenomenon, and constitutes the most representative example of the relevance of innovation in the public sector nowadays.

Governments around the world promote innovation as a key tool to improve public services. Financial pressures and bureaucratic controls, along with the demands for better services make innovation difficult

**Table 1**Studies on innovation in public management.

Study	Objective	Methodology
Barlett and Dibben (2002)	Studying the nature of public sector innovation and entrepreneurship	12 case studies at English local government
Ihrke et al. (2003)	Studying the relationship between the credibility of administrative leaders, the level of conflict at city councils and the relationships between city councils and administrative staff with the perception of success of innovations at local government	179 surveys at Wisconsin municipalities (USA)
Boyne et al. (2005)	Examining the impact of internal and external constraints on the utilization of an innovative management reform scheme	Three surveys at different moments in time, semi-structure interviews and documentary analyses over 79 services in Welsh Local Government
Walker (2006)	Testing innovation type and diffusion in local government	A survey among 120 English local authorities
Damanpour and Schneider (2008)	Analyzing the link between innovation characteristics and innovation adoption levels in US local governments	Two surveys addressed to City Managers or Chief administrative officers in the US (1276 answers and 1586 answers respectively)
Feller et al. (2011)	Studying how open innovation strategies can transform public administration	Case studies, interviews with different managers at six Swedish municipalities and document analysis
Hansen (2011)	Studying innovations related to New Public Management and their diffusion	Survey among 543 managers in different areas (culture, social services, technical services) at Danish local governments
Hsieh (2011)	Studying the diffusion of Management Innovation in local economic development programs	Panel data, years 1994, 1999, 2004, municipal and county governments (USA)
Reginato et al. (2011)	Studying how social and structural characteristics influence innovation processes at local government	Survey among managers at Italian municipalities
Salge (2011)	Determining a model for innovation intensity in public management (hospitals)	Panel data, secondary information (databases) and primary information (interviews) over a five-year period (UK)

but also necessary as the only useful way to approach citizens and respond to their requests (Robertson & Ball, 2002).

The concept of innovation is complex and diverse, attempting to find ways to deliver better services to users and encompassing both external and internal changes; some innovations may arise from interactions involving the different government administrations at various levels, etc. (Walker, 2006).

Innovation plays a key role in terms of renewing and shaping the resources available to organizations, as well as their competences and routines (Matthews & Shulman, 2005). Innovation allows organizations to react to internal weaknesses or external pressures and consequently becomes an important tool for decision-making agents all over the world. Of course, this concept also applies to the public sector, where innovation is a useful solution, the only possible one in the authors' opinion, during periods with strong economic pressures (Salge, 2011).

Borins (2001) categorizes the reasons motivating innovation in the public sector into five main groups: political initiatives (due to an election mandate, to the legislation or to political pressures); new leaders (new managers of public bodies); a crisis (i.e., a visible failure or problem); a variety of internal problems (changes in the

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