Public Management (2): Innovations and Change Management

The Challenge of Working Effectively Across Organizational and International Boundaries in Introducing Innovations

Overview

- Case study: Mumbai slum rehabilitation as an example of Public-Private Partnership

- Thinking about coordination problems across organizations, sectors, and even international boundaries

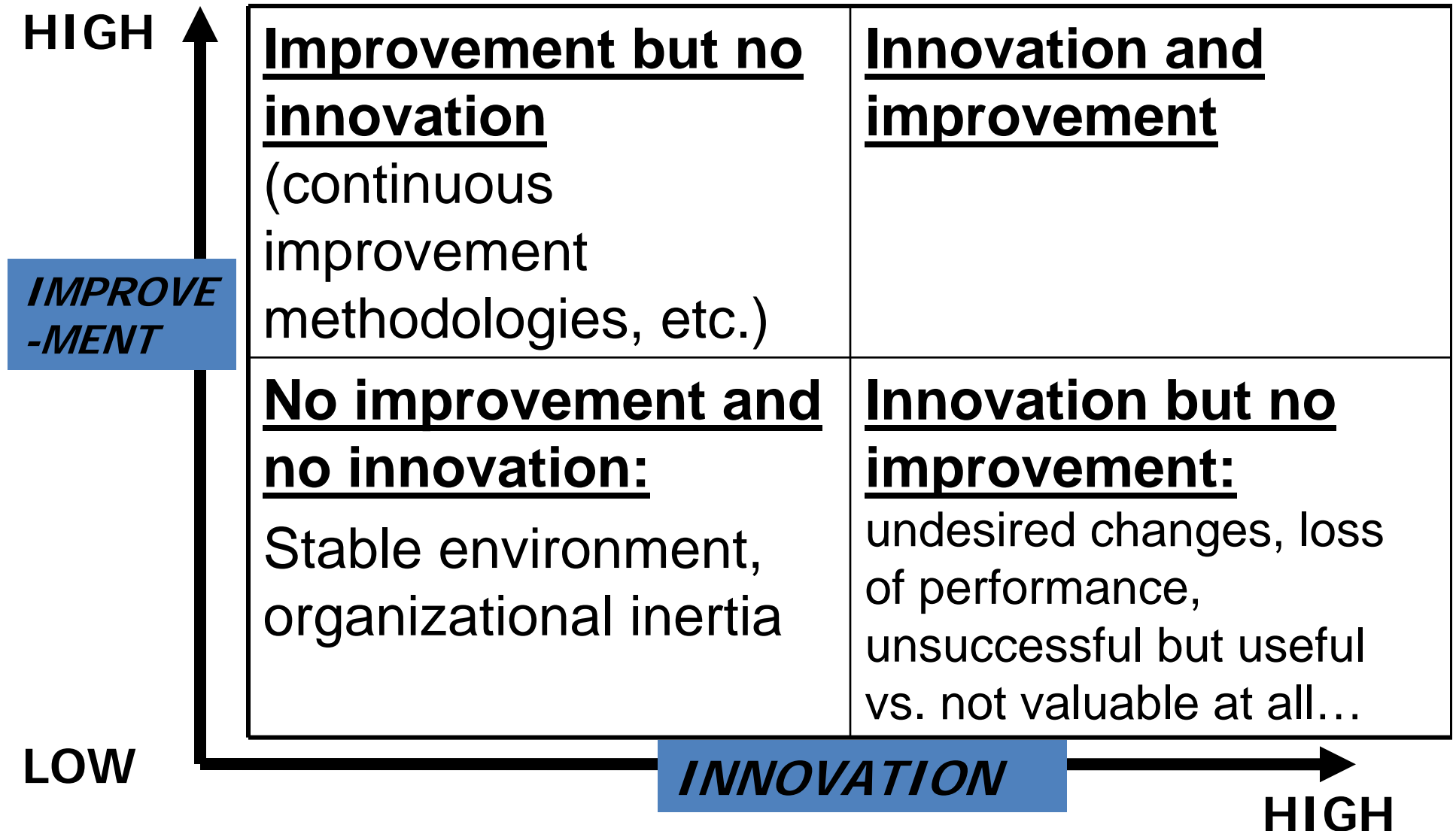- A framework for action: Do's and Don'ts of change management

Questions about innovation:

- What are the characteristics of an innovation? Why does innovation happen?

- Are there innovations that are not successful? Why?

- What are the special challenges of transferring innovations across country contexts?

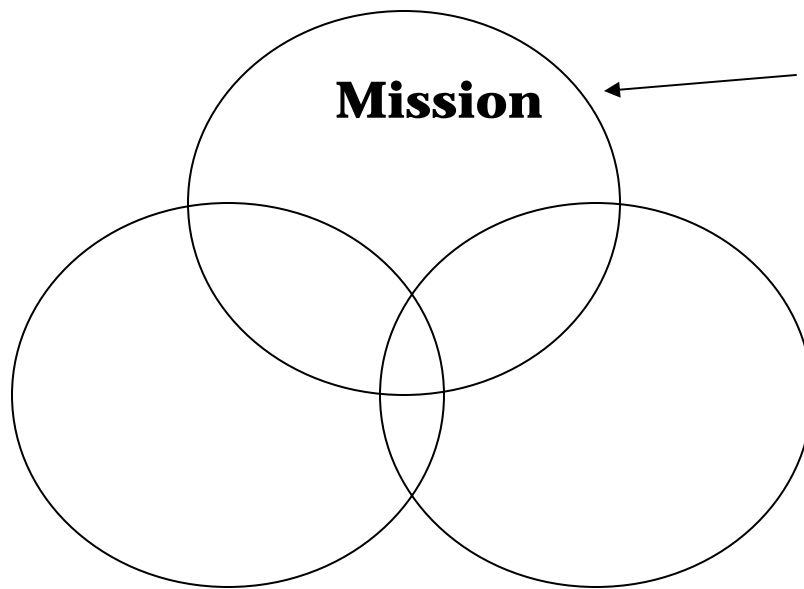- Are there ever missed opportunities for innovation? Why or why not?

Key aspects of innovations:

- "Those changes worth recognizing as innovation should be…new to the organization, be large enough, general enough and durable enough to appreciably affect the operations or character of the organization" (Mark Moore *et al.,* 1997, p. 276)

Innovation vs. Improvement

	Improvement but no innovation (continuous improvement methodologies, etc.)	**Innovation and improvement**
IMPROVE-MENT	**No improvement and no innovation:** Stable environment, organizational inertia	**Innovation but no improvement:** undesired changes, loss of performance, unsuccessful but useful vs. not valuable at all…

HIGH

LOW

INNOVATION

HIGH

Review: A 'strategic triangle' of roles in managing innovation
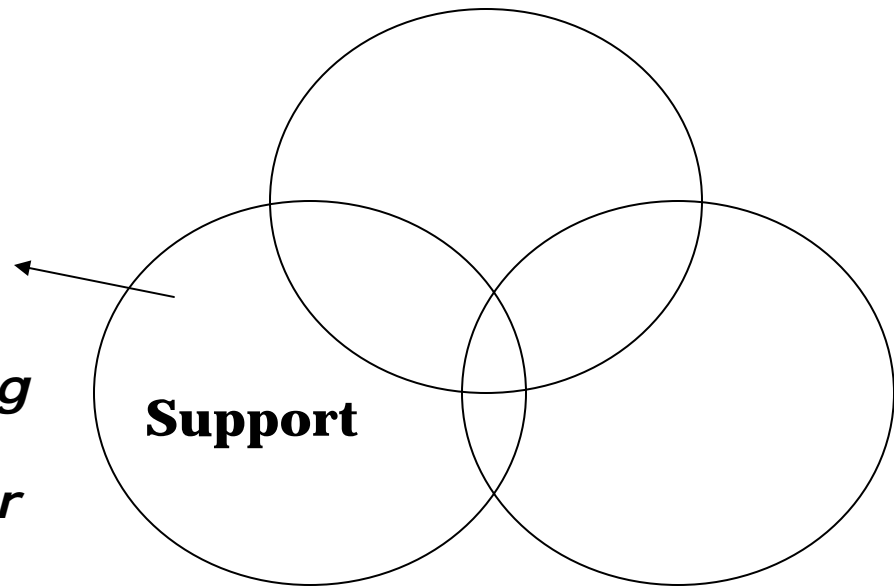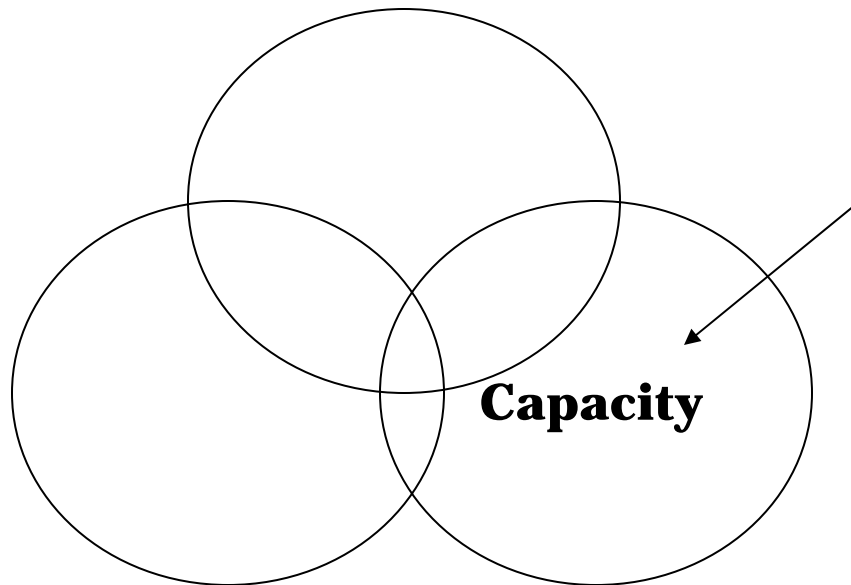
Mission

"Entrepreneur + analyst" role:

Identifying new needs and new opportunities for creating value

Advocate role:

Gaining authority to implement, identifying sources of financial and manaerial support, enlisting the help of multiple stakeholders, steering clear of resistance
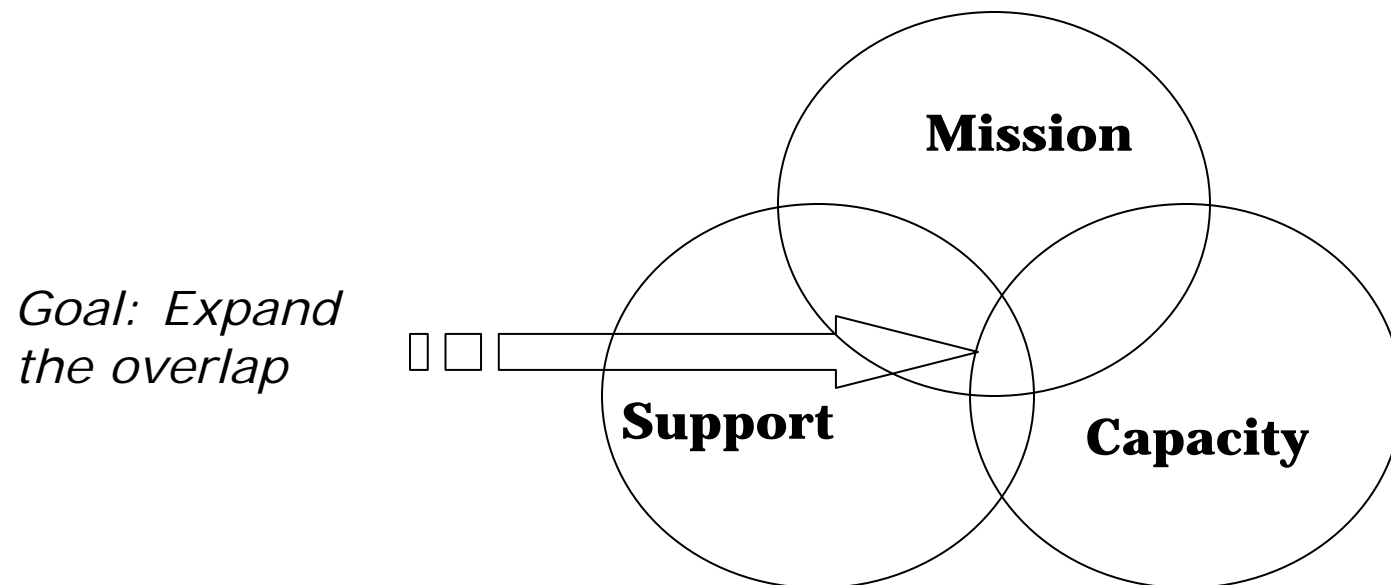
Support

Capacity

Manager's role:

Developing organizational capacities necessary to implement program – human, infrastructural, and in terms of organizational structure and work processes

Making course corrections

The Strategic Management Challenge:
'Covering' one or two of the bases is not enough.

Goal: Expand
the overlap

Mission

Support

Capacity

A critical challenge: coordination

- Developing, sharing and mobilizing support for a vision of change is highly dependent on mobilizing stakeholder support and coordinating across multiple kinds of organizational – and increasingly *sectoral* – boundaries.

New settings in governance innovations are heightening coordination challenges
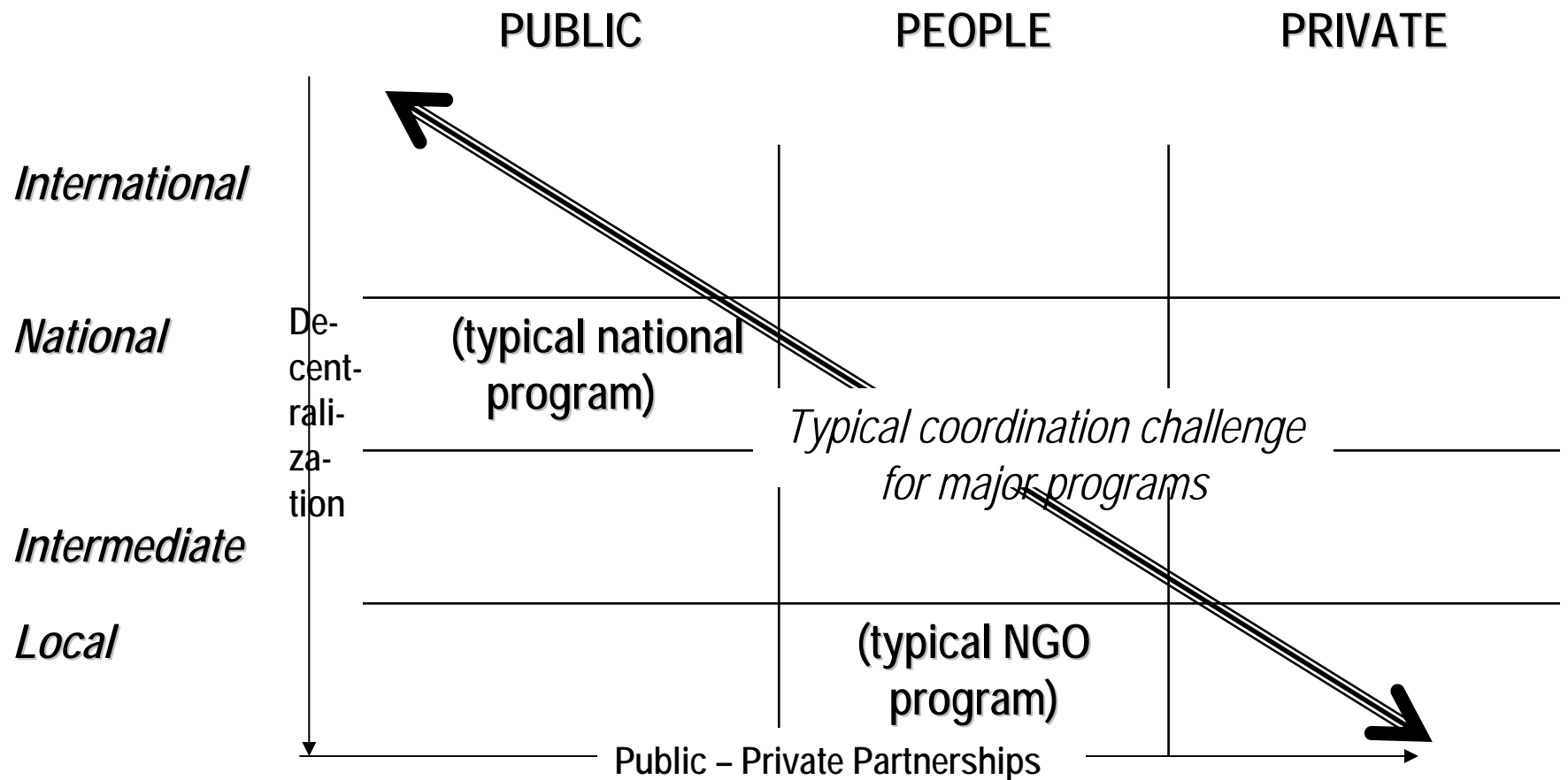
Settings of coordination challenges

- Intra-organizational or inter-organizational? (Latter more difficult)
- Same unit of government or vertically across levels of government (latter more difficult)
- Within non-profit sector or involves partnerships with citizen groups, govt or private sector? (Latter more difficult)
- About production of an agreed commodity or must negotiate purpose of endeavor? (Latter more difficult)

Addressing emerging problems or initiating innovative solutions inherently tends to increase the number of actors and sectors involved – both an opportunity and a difficulty.

Addressing interagency coordination problems

- Why is it so difficult to mobilize cross-agency collaboration?
  - Different organizational interests
  - Different organizational cultures
  - Lack of consensus on what is to be done
  - "Transaction costs" – communication, travel
  - Competing priorities
  - Centralization within organizations, slow decision-making processes, multiple veto points

Network capacity as a critical constraint in *intersectoral / interagency* settings for innovation

Types of coordination	Obstacles to coordination		
	Threats to autonomy	*Lack of task consensus*	*Vertical-horizontal conflicts*
Information-sharing	Low (Sharing sectoral plans and information as logical first step)	Medium-high (May need to generate many types of information that may not be routinely collected)	Medium (National and local actors may have widely divergent capacities to generate and share information)
Resource sharing	Medium-high (Frequent reluctance of agencies to pool resources to meet aims that may extend well beyond agency's perceived mandate)	Medium (Difficulties securing agreement on uses of pooled funds and resources)	Medium (Complexity of intergovernmental resource mobilization, particularly where wide capacity gaps across local gov'ts exist)
Joint implementa-tion	High (Harmonization of SOPs coupled with joint commitment of resources demands shared operational control.)	High (Joint action demands high degree of consensus or, in absence of consensus, depends on hierarchical authority – a scarce resource – to compel participation.)	High (Joint implementation requires high network orchestration capacity and adaptiveness, which in conditions of high mutual interdependence is difficult.)

A special challenge: international partnerships and institutional transfers

- Institutional transference has been happening for centuries – nothing new
  - "Development is the marriage of openness and the reciprocal exchange of innovation" (Alain Peyrefitte)
  - Japan in late 19th century, Meiji period
  - Early 20th century, nations sharing financial and trade institutions
  - From 1950s on: development administration based on transferred models, e.g. national planning commissions and semi-autonomous agencies.
  - Facilitated at present by explosion of information, promotion by donors of "institutional best practice".
  - Widespread belief in universal applicability of successful institutions in a global society

Difficulties of transfer

- World Bank says "international best practice in institutional design" is flawed concept. Why?
  - Look for differences in:
    - Complementary institutions, such as those promoting transparency and the enforcement of laws
    - Existing levels and perceptions of corruption
    - Costs, relative to per capita income, of establishing and maintaining institutions
    - Technology
    - Administrative capacity, including human capabilities

The Mumbai case

- Read the case and analyze the case describing the attempts of SPARC, a non-governmental organization, to upgrade slum housing in Mumbai.
  - Who were the main actors and what were their different motivations, cultures and resources?
  - What is the cause of the problems that the partners are experiencing working together?
- What should Sheila Patel do now (at the end of the case)? Be prepared to discuss your specific recommendation in class.

Change management in practice: Ready or not?

- What kinds of leadership and change management challenges will we face in introducing and managing innovations across organizational and sector boundaries?

Change management: the ultimate leadership challenge in introducing innovations

- "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new." (N. Machiavelli, from *The Prince*)

Stakeholder analysis as fundamental

- Stakeholder analysis:
  - Identify relevant actors
  - Assess motivations, beliefs, interest in issue
  - Assess resources, influence
  - <u>Draw out implications of above</u>
  - Example: Stakeholder mapping and the power / interest matrix
    - Typical stakeholder maps
    - Implications

Stakeholder mapping: one example
map for current situation and targeted situation

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low	Minimal effort	Keep satisfied
	high	Keep informed	Key players

Example: The political battleground

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		
	high		+ + + + + - - - - - - - -

Implication: Build resource base to overcome resistance; 'divide-and-rule'

Example: The worthy cause

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		
	high	+ + + + + + + + + +	

Implication: Find a champion from box b; empower stakeholders by helping them organize and alliance building

Example: The lone champion

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		
	high		+

Implication: Keep on board; broaden base of support; foster other stakeholders

Example: The dogged opponent

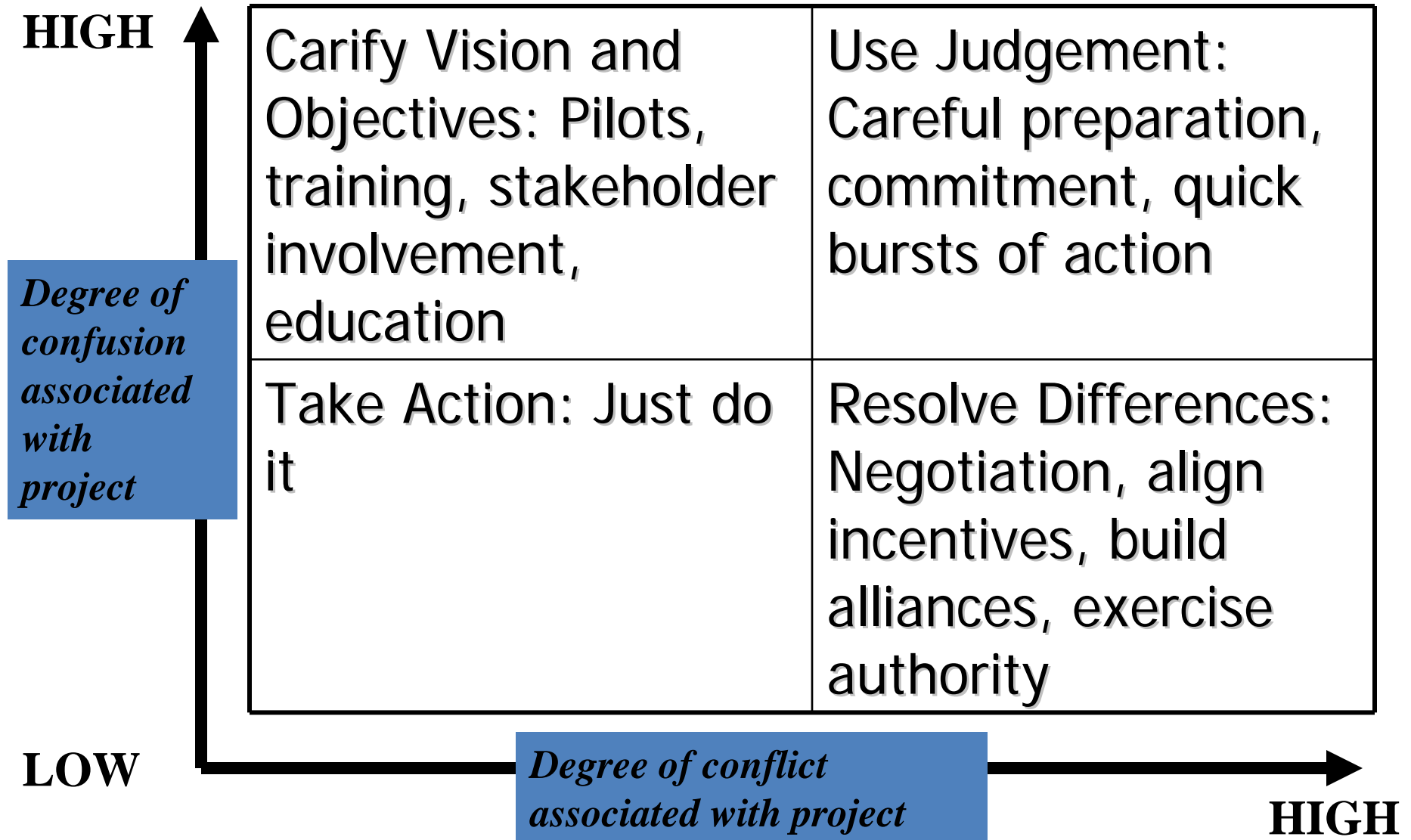|		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		
	high		-

Implication: Change orientation; reduce interest; reduce power; find champion

Example: The political trap
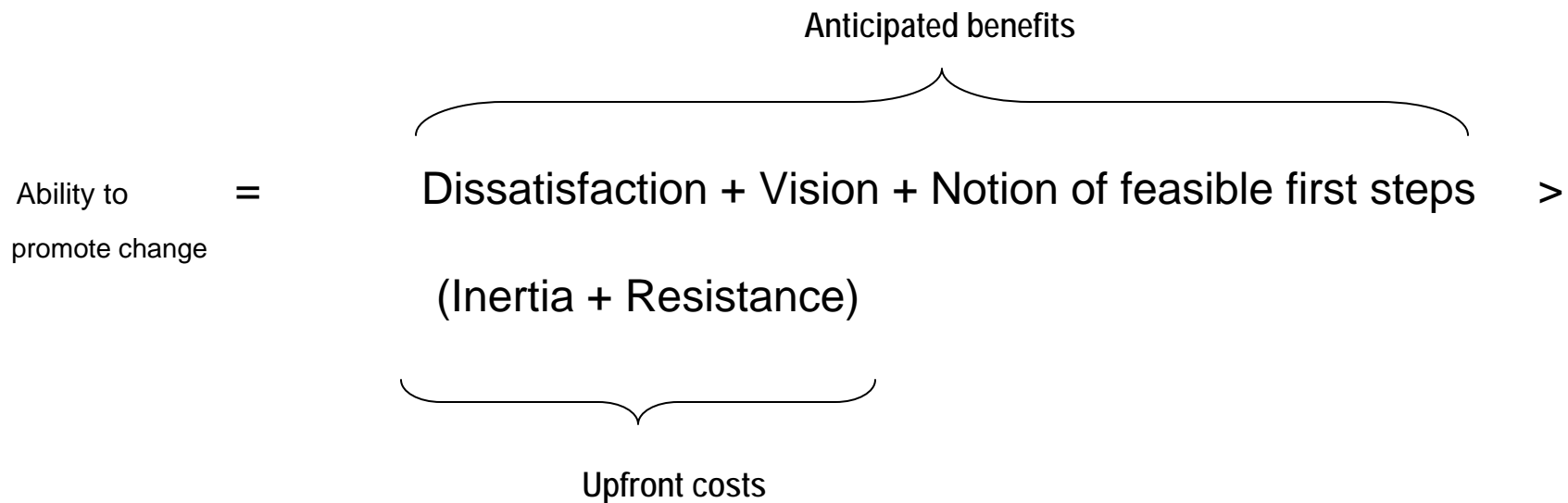
		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		? ? ? ? ? ?
	high		

Implication: Maintain stakeholders in current position; find a champion; raise interest if + shift likely

Leadership dimensions: Implementation leadership matrix

	Degree of conflict associated with project →	
HIGH ↑ (Degree of confusion associated with project)	Carify Vision and Objectives: Pilots, training, stakeholder involvement, education	Use Judgement: Careful preparation, commitment, quick bursts of action
	Take Action: Just do it	Resolve Differences: Negotiation, align incentives, build alliances, exercise authority

HIGH ← Degree of confusion associated with project

LOW — Degree of conflict associated with project — **HIGH**

Change management in managing the stakeholders

Anticipated benefits

Ability to promote change $=$ Dissatisfaction + Vision + Notion of feasible first steps $>$ (Inertia + Resistance)

Upfront costs

Change management problems: 8 fatal mistakes to avoid

- Not having a clear vision
- Not enough sense of urgency
- Not creating a powerful enough guiding coalition
- Undercommunicating the vision by a factor of ten
- Not removing obstacles to the new vision, in the organization's structure and systems
- Not systematically planning for and creating short-term wins
- Declaring victory too soon
- Not anchoring changes in the corporation's culture

Adapted from John Kotter (1996) Leading Change (Harvard Business School Press

Bringing the lessons home: The personal leadership challenge

- Exercising effective leadership ultimately depends on changes in your own attitudes and behavior.

- Where do you see your own strengths and weaknesses in terms of the strategic triangle? How can you build on your strengths and overcome or work around your weaknesses?

Thank you!

- It has been a great pleasure to discuss these important issues with you.

- If you would like further information, or if I can be of any service in the future, you can always reach me at fritzen@nus.edu.sg.