Leadership and innovation in the public sector

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Introduction

Innovation has become a topic of great interest to managers in both the public and private sectors[1]. In the private sector, the rapid development of technology has provided opportunities for firms to launch new products, transform their production processes, and do business in new ways. The Schumpeterian process of creative destruction has become particularly intense, and in many industries, the choice faced by managers is innovate or die.

The conventional wisdom regarding the public sector is that public sector innovation is a virtual oxymoron. A number of explanations have been put forward as to why this would be the case. Public choice theory argues that public sector agencies are usually monopolies, with no competitive pressure to innovate. Political scientists have observed that the media’s and opposition parties’ interest in exposing public sector failures (management in a fishbowl) forms a powerful impediment to innovation. Furthermore, stringent central agency constraints – to minimize corruption and ensure due process – raise barriers to innovation. Organizational sociologists have noted that public sector organizations are usually large bureaucracies structured to perform their core tasks with stability and consistency, and resist change or disruption of these tasks (Wilson, 1989, pp. 218-26).

In recent years this conventional wisdom has been questioned. The public sector has faced challenges – such as driving down costs to reduce the debt burden – and opportunities – such as applying information technology – that have forced it to innovate. Non-governmental organizations in a number of countries have attempted to catalyze public sector innovation by establishing public management innovation awards. These awards shared two key objectives: countering public criticism or hostility to the public service, in part because it is perceived as not being innovative, and encouraging the development and dissemination of innovations and best practices within the public sector.

Public management innovation has become a subject of considerable academic interest. One line of research involves detailed, and sometimes comparative, case studies. In some instances, the innovations were originally identified because they were among the winners of innovation awards. Case studies have dealt with innovations in particular policy areas, such as community policing (Sparrow, 1994), educational choice (Roberts and King, 1996), or civic environmentalism (John, 1994). Other case studies of innovation have dealt with overarching themes such as alternative service delivery (Goldsmith, 2001), the application of information technology (Fountain, 2001), and organizational transformation (Barzelay, 1992; Osborne and Pistrick, 2000). Another approach has involved using large samples of innovations identified by innovation awards to generate and test hypotheses about the process of innovation (Borins, 1998, 2001).

The objective of this paper is to use the results of both case studies and quantitative analysis to explore the relationship between leadership and innovation in the public sector. That relationship can be probed by asking a number of questions. Who leads innovations? Do innovations create leadership capacity for the public sector? How do leaders exercising formal authority react to innovations? What climate do they create for potential innovators? This paper starts with a fundamental distinction between bottom-up and top-down
innovations, and then examines the role that leadership plays in each.

Three ideal types of public sector innovation

While students of business have found that strategic decisions regarding the adoption of innovations are often taken by CEOs and boards of directors, they have also discovered that many innovations emerge from the bottom up (Kanter, 1988, 2001). In technology-based firms in particular, many innovations result from scientists or other staff with technical expertise following their own research interests to develop new products or processes. Many firms have instituted the practice of giving their researchers one day per week, plus commensurate resources, to work on their own projects. Peters and Waterman (1982) took the argument further, pointing to innovations undertaken by mavericks working at “skunkworks” far from central offices, often operating without a clear mandate from above and using bootlegged resources. Hamel (2000) presented case studies showing that the inspiration for IBM’s involvement with the Internet came from two middle managers, one a programmer and the other a marketer, that the idea for the development of Sony’s PlayStation video game console came from a mid-level researcher, and that the impetus for Shell to become involved in the production of renewable energy came from a mid-level planner. Hesselbein et al. (2001), in a recent collection of articles, showed that there is a consensus among private sector researchers and practitioners about the importance of such bottom-up innovations and provide suggestions for how organizations can support them.

In contrast, the conventional wisdom in the public sector is that whatever innovation occurs comes almost exclusively from the top (Wilson, 1989, pp. 227-32). In both parliamentary and presidential democracies, voters elect politicians to enact policies. While the USA makes a greater proportion of senior executive appointments on a political basis, in many parliamentary democracies the most senior appointments in the public service are made by the politicians. This would seem to place the responsibility – and motivation – for innovation outside the public service itself. (The rationale for the system, of course, is to make the bureaucracy indirectly responsive to the public through the politicians they elect.) Similarly, some public management academics have argued that innovation from within the public service could conflict with traditional values such as due process and accountability (Gawthrop, 1999; Goodsell, 1993; Terry, 1998). Furthermore, stability-seeking public sector organizations having strong central controls and operating in hostile environments can be expected to have personnel systems that do not reward career public servants for successful innovation but that punish them for unsuccessful attempts. These asymmetric incentives may well lead to adverse selection, namely the avoidance by innovative individuals of public service.

That is the received wisdom. The results of extensive research using applications to several innovation awards tell a different story (Borins, 2001, pp. 27-8)[2]. In the USA, approximately 50 percent of the innovations originate from middle managers or front-line staff, 25 percent from agency heads, 21 percent from politicians, 13 percent from interest groups, and 10 percent from individuals outside government. In the sample from the economically advanced countries of the Commonwealth (Canada, Australia, New Zealand, Singapore, UK), the proportion from middle managers or front-line staff (82 percent) and agency heads (39 percent) was higher, while that of politicians (11 percent), interest groups (2 percent), and individuals outside government (5 percent) was lower. For the developing countries in the sample (Bangladesh, Ghana, India, Jamaica, Malaysia, Seychelles, South Africa, Zimbabwe), the results are also similar. Since some respondents gave multiple answers, these numbers sum to more than 100 percent (see Table I).

In both Commonwealth samples and the 1995-1998 US data, middle managers were separated from front-line staff. It was found that, in the US sample, middle managers were involved in the initiation of 43 percent of the innovations, while front-line staff were involved in 27 percent, the same frequency as politicians (27 percent) and agency heads (28 percent). The Commonwealth sample showed that in the economically advanced countries middle managers were involved in 75 percent of the innovations and front-line staff in 39 percent. In the developing countries, middle managers were involved in initiating 44 percent of the innovations, a figure comparable to the 43 percent in the USA, but front-line workers initiated only 7 percent of the innovations. The latter figure is attributable to the disinclination of developing countries to empower their front-line staff. This may result from pay that is too low to be a motivator, an unwillingness or inability to provide training, a lack of resources necessary to test innovations, and/
or rigid hierarchy. All told, these data confirm, in a wide variety of national contexts, that a substantial proportion of public-sector innovation comes from middle management and the front lines. Similarly, Walters (2001, p. 9), based on a more qualitative look at the applications to the Innovations in American Government awards, concludes that “innovative ideas spring up from all over the place – both inside and outside of organizations, and from the middle, bottom, and top layers of an organization. Innovation, it turns out, has little regard for title.” Light (1998, p. 45) studied a sample of 18 particularly innovative non-profit and eight small governmental organizations in Minnesota and found that “almost all of them harvested ideas up and down the organization regardless of who had the idea.”

While the largest number of innovations are initiated by middle managers and front-line staff, substantial percentages of innovations are initiated by politicians – 10 to 20 percent – and by agency heads – over 25 percent (Borins, 1998, 2001). Because organizations are pyramidal in shape, there are many more front-line staff and middle managers than agency heads and politicians, so that the propensity to innovate (that is, innovations per capita) on the part of politicians and agency heads is greater than on the part of middle managers and front-line staff. Borins (1998, pp. 48-9) explored for systematic differences in the circumstances of innovations initiated by politicians, agency heads, and middle managers and front-line staff (the latter two groups being pooled). Statistically, politicians tended to be the initiators when the innovation was a response to a crisis. Crisis was defined broadly as publicly visible failure, whether current or anticipated. This has an intuitive appeal because when there is a crisis in the public sector, citizens expect politicians to lead the response. Agency heads tended to be the initiators when they took over as the new leader. When a public sector agency is performing poorly and its poor performance becomes publicly visible, citizens expect politicians to appoint a new agency head to lead a turnaround. Finally, middle managers and front-line staff tended to initiate innovations that responded proactively to internal problems or took advantage of opportunities created by new technology. These can be thought of as three ideal types or polar cases.

Subsequent research regarding the process of gathering support for an innovation also showed that the three groups employed different strategies for building support. Applicants were asked who were the strongest supporters of their innovation. Innovations initiated by public servants had a positive correlation with strongest support from immediate supervisors and a negative correlation with strongest support from the president or governor, the legislature, business lobbies, and the general public. Innovations initiated by agency heads had a positive correlation with strongest support from the political head of the agency and business lobbies. Innovations initiated by politicians had a positive correlation with strongest support from the president or governor, the legislature, business lobbies, the media, and the general public. Public servants worked through bureaucratic channels, rather than going over the heads of their colleagues to appeal directly for political support, while politicians went through political channels and mobilized public support (Borins, 2000a, pp. 503-4)[3].

We will consider each of the three ideal types of public sector innovation in more detail, providing several examples and exploring the role of leadership in it.

### Table I

<table>
<thead>
<tr>
<th>Initiator</th>
<th>USA, 1999-1998</th>
<th>Commonwealth, advanced</th>
<th>Commonwealth, developing</th>
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<td>11</td>
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<tr>
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<td>39</td>
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<tr>
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<td>43a</td>
<td>75</td>
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<tr>
<td>Front line staff</td>
<td>27a</td>
<td>39</td>
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<tr>
<td>Program client</td>
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<tr>
<td>n</td>
<td>321</td>
<td>56</td>
<td>27</td>
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</tbody>
</table>

**Notes:** n = number of innovations. a indicates that the breakdown between innovations initiated by middle managers and innovations initiated by front-line staff for the US data was based on the 104 cases from 1995 to 1998. In the 217 cases from 1990 to 1994, these groups were coded together.

**Source:** Borins (2001, p. 28)

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### Bottom-up innovation

What is the relationship between bottom-up innovation and leadership? To begin with, bottom-up innovations require and create leadership. The innovative process is not simply a matter of someone coming up with a good idea, putting it in a suggestion box, and the organization implementing it through its normal channels. Innovations require advocates and often become the subject of...
debate within an organization. They are sometimes introduced as pilot programs which must be evaluated before being applied in the entire organization. Innovations also lead to new structures within a given organization. For example, innovations frequently involve inter-organizational collaboration (Bardach, 1998; Borins, 1998, pp. 19-23, 2001, pp. 11-13) and this collaboration is governed by creating coordinating structures, such as interdepartmental committees (Borins, 1998, pp. 96-101). The initiators of the innovation are likely to play a role in several of these aspects of the innovative process, such as advocacy or leading a pilot project. Because they are on the front lines or in middle management, they are creating an informal or alternative leadership structure. In one case the award applicant noted that “rebel, idea people, and employees involved in a leadership capacity outside came to the fore” (Borins, 2000b, p. 55). Innovation awards provide publicity for the winners, and initiators may develop visibility beyond their own organization, as they become involved in educating potential replicators. Individuals at lower ranks who distinguish themselves by initiating innovations are likely to be put on the fast track to senior positions.

A recent example supports these observations. A group of young officers in the Ontario public service had the idea of holding a national conference looking at human resource issues from their own perspective. They formed a planning committee, approached the federal and several provincial governments for funding, and invited practitioners and academics as speakers. This advocacy process put them in touch with a variety of people they would not normally have encountered in their daily work, such as senior public servants (including several cabinet secretaries and permanent secretaries) and senior academics. The conference, entitled “New professionals driving a new public service,” turned out to be a great success, attracting 350 participants from all over Canada. After the downsizing of the last decade, public services are facing a need for renewal, particularly at the entry level, and this conference spoke to that concern. The conference organizers are maintaining their Web site (www.newpublicservice.ca), accepting speaking invitations, and planning to create a permanent organization.

A second aspect of the relationship between leadership and bottom-up innovation is the stance that the public sector’s top leadership – ministers, permanent secretaries, and senior public servants – take toward these initiatives. It could range from negative, to neutral, to highly supportive. A negative stance could come from a permanent secretary and senior public servants whose approach to management is strictly hierarchical, or from a minister who, possibly for ideological reasons, has an antipathy to her department. An American instance of the latter is Republican administrations that are unsympathetic to the mandates of the Department of Labor and the Environmental Protection Agency and that choose political appointees who want these departments to do as little as possible, certainly not to develop new programs. We can expect some permanent staff to leave and those who remain to keep their heads down. The Republican appointees might be receptive to initiatives that improve efficiency, thereby reducing the cost of existing operations. The appointees would want to see savings employed in other public sector priorities or used to reduce taxes. Because there is no possibility that any of the savings would be returned to the department, permanent staff would be unlikely to come forward with ideas to improve efficiency.

A supportive stance requires politicians and senior managers creating a climate favourable for innovation. Robert Reich, Secretary of Labor in the Clinton Administration from 1993 to 1997, excelled at this. First, he made clear the department’s priorities, which included initiatives to improve wages and working conditions for America’s lowest paid and most vulnerable workers. Second, he made a habit of consulting career civil servants, for example in quarterly departmental town hall meetings. Third, he took every possible opportunity to recognize staff initiatives (Glynn, 1999). Some forms of recognition included establishing a departmental innovation award, bringing his career public servants to meetings with politicians and political appointees, and inviting careerists whose ideas had been incorporated into legislation to White House signing ceremonies to meet President Clinton (Reich, 1997, pp. 129-34). The department’s roof is an ideal vantage point to watch the fourth of July fireworks. Previous secretaries always invited political appointees and friends; Reich used these coveted invitations to reward innovative careerists (Glynn, 1999).

Reich’s support helped put in place a number of innovations initiated by front-line staff or middle managers that were subsequently recognized as finalists and winners of the Innovations in American
Government Award. These included an initiative to eradicate sweatshops by putting pressure on retailers to ensure that the products they were selling were not made in sweatshops (Donahue, 1999, pp. 47-58), the Pension Benefit Guaranty Corporation’s early warning program for large corporate pension plans at risk of default (Donahue, 1999, pp. 187-204), and a program in the Occupational Safety and Health Administration to identify pro-actively workplace health hazards among large employers (Donahue, 1999, pp. 114-27).

William Bratton, New York City’s Chief of Police during the mid-1990s, led his department in the implementation of programs that led to a marked decline in the city’s crime rate. He espouses a similar philosophy:

I know perfectly well that most police departments don’t encourage or value innovation, cultivating instead conformity, complacency, and even timidity among police managers. But I also have met countless police officers and managers in my career who are bold, inventive, decisive, and eager for the big challenges of restoring order and safety to urban communities. My job as a police executive was to bring these people to the fore and let them run. … Every organization has a core group of people with original ideas and untapped talents. Some are in leadership positions, and some are not. A successful leader reaches deeply into the organization to find these people … To propel a large organization forward, the leader has to enlist literally hundreds of coleaders at every level. … When people show initiative, perseverance, and competence in the field, reward them. I found my best managers in the middle and bottom of the vast management cadre at the NYPD. Their promotions sent a signal of opportunity to their fellow managers (Bratton and Andrews, 2001, pp. 252-7).

The Clinton administration’s reinvention labs are another case of political support for innovation. These were pilot projects, many proposed by front-line staff and middle managers; Vice President Gore, who was in charge of the reinvention effort, tried to ensure that these projects would be granted waivers from regulations to facilitate experimentation, and let it be known that his office would advocate on behalf of the labs within their own departments or in their relationships with central agencies (Osborne and Plastrik, 2000, pp. 444-50, 564, 569).

To turn to a Canadian example: the Export Development Corporation (EDC) is a federal state-owned enterprise which finances purchasers of Canadian exports. In the late 1980s it established a capital markets group with the responsibility for finding new ways to raise money, rather than attempting to borrow under the aegis of the federal government which itself had to finance huge deficits. The EDC capital markets group developed several sophisticated derivative-based financial instruments that were marketed to both large and small lenders. Staff in the federal Department of Finance were concerned and wanted to oversee the capital markets group closely. The deputy minister of finance at the time took the view that the group should be given autonomy; he also felt that if his department tried to rein them in, they would leave for lucrative private sector jobs (Gorbet, 2001). His support gave the group the freedom it needed.

Not only can bottom-up innovations advance the goals set by politicians and senior public servants, but they can be the genesis of initiatives that politicians are willing to embrace as their own. Canada’s SchoolNet program (www.schoolnet.ca) demonstrates this. In the early 1990s, one particularly innovative middle manager in Industry Canada was thinking about how the federal government could gain a presence on the rapidly evolving Internet. An undergraduate student on a work term in the government proposed an interactive Web site to which primary and secondary school educators would send educational materials, and SchoolNet was launched (Dubé, 2002; Hull, 2002). The program led to a federal-provincial initiative to connect all 16,500 Canadian elementary and secondary schools to the Internet by 2000. Federal and provincial politicians have become enthusiastic and highly visible supporters of these programs and have launched other initiatives to increase Internet access throughout Canada.

To summarize: this section illustrates a number of types of high-level support for innovation. These include establishing clear organizational goals that encourage staff to achieve in innovative ways, consultation with staff, establishing innovation awards and providing informal recognition for innovators, relaxing constraints upon innovators, protecting innovators by ensuring that their projects have a fair chance to demonstrate whether they work, and providing resources for innovators. The last, providing resources, is implicit in many of the above examples. The main resources include giving the initiators time to work on their projects, which might involve a reduction in their other responsibilities, and giving them the budget to pay for the running costs of their projects. While some organizations have formally established funds to support innovations (Borins, 2001, p. 32), the more likely case is that innovations
are funded out of organizational slack that senior managers can identify. Finally, innovation is a two-way street, in that successful innovations provide opportunities for politicians to take public credit for wise policies and effective programs.

### Politically-directed innovation in response to crisis

The most clear-cut crises, and those that have received the most academic attention, involve the physical security of a nation. An immediate example is the terrorist attack on the USA on September 11, 2001. Leading the response has consumed most of the time and attention of President Bush, his cabinet, and their most senior advisers. The following crises, of varying magnitudes, have in common politically-led and innovative responses:

- **City of Seattle Recycling Program.** The City’s two landfills reached capacity in 1983 and 1986, and ceased operation. The federal government then designated these landfills as Superfund sites, thus raising closure costs to about $100 million. The city’s reliance on more distant landfills, together with closure costs, had already doubled disposal assessment rates. The mayor and city council responded to the crisis by directing the city’s solid waste utility to undertake an in-depth study of a wide range of options, including recycling, landfill, and incineration. The politicians also put in place a thorough process of public consultation. The ultimate outcome was a greatly expanded recycling program, reinforced by pricing incentives and public attitudes, that became a global leader (Borins, 1998; pp. 196, 201, 204).

- **Environment Canada Ultraviolet Index Program.** The program was initiated in response to NASA’s February 1992 prediction of a severe thinning of the ozone layer over North America that spring. Environment Minister Jean Charest gave his department four months to implement a program to inform the public of ultra-violet risk. They developed a daily index of the intensity of ultraviolet exposure that has been adopted internationally (Borins, 2000a, pp. 55, 60).

- **Cuban Missile Crisis.** In response to the secretive placement of Russian missiles in Cuba, the Kennedy administration implemented a naval blockade of Cuba that put sufficient pressure on the Russians to remove the missiles, without resorting to war (Allison, 1971).

- **Six-Day War.** In response to an Egyptian naval blockade of the Red Sea and invasion by Egypt, Syria, and Jordan, the Israeli cabinet initiated a war by directing its air force to launch a surprise attack that destroyed the entire Egyptian air force on the ground, clearing the way for a quick and massive victory over the Arab alliance (Brecher and Geist, 1980).

As a set, these four examples present a paradox. The first two are not well-known outside of their particular policy communities, but have been recognised by innovation awards in their respective countries. The last two are very well known historically, but have not been thought of in terms of innovation. Detailed historical study, however, makes clear that the American and Israeli responses were both effective and innovative. In the American case, the alternative to a naval blockade was an air strike and/or an invasion, both of which were strongly favoured by the military, but would likely have led to nuclear war between the USA and USSR. The blockade signaled the seriousness of American intentions, but gave the Russians time to make an orderly retreat. In the Israeli case, the air force attack relied on intelligence information that the Egyptian planes sat wingtip-to-wingtip at their bases. Since then, no combat-ready air force would ever again expose itself in a similar way.

The two famous crises have been of particular interest to students of decision making and crisis management. In his study of Israeli decisions in the Six-Day and Yom Kippur Wars, Brecher concluded that as tensions mounted, the Israeli Cabinet’s search for information and receptivity to it increased, the Cabinet broadened its consultative circle, and increased its search for, and care in the evaluation of, alternatives (Brecher and Geist, 1980, pp. 403-4). The decision-making process followed by the Excom (the ad hoc group chosen to advise President Kennedy) has been characterized as one based on inquiry, rather than advocacy (Garvin and Roberto, 2001). A wide range of options was proposed and studied carefully. Assumptions were tested, and participants acted as skeptical generalists. Experts outside the group were also consulted. The American process was characterized by the same hunger for information, creative generation and testing of alternatives, and widespread consultation (at least subject to the constraints of secrecy) as the Israeli. These processes have been set forth as best practice for collective decision
making under the high stakes and time pressures that typify crises.

These cases also demonstrate two patterns of political-bureaucratic interaction. In each case, politicians defined the problem and took responsibility for choosing the solution. They instructed the bureaucracy to provide information to inform their choices among alternatives and then to implement their decisions. In three of the four cases, the politicians were confident in the analytic and implementation capability of the bureaucracy. Seattle’s politicians were sure the waste utility managers could analyze the disposal alternatives in terms of economic and environmental impacts; Environment Minister Charest relied upon his scientists to develop quickly a valid way of measuring ultraviolet exposure; the Israeli Cabinet trusted the air force to work out procedures for a sudden attack (time of day, altitude, route, etc.). The exception was the Cuban Missile Crisis. As Allison (1971) made clear, and the recent movie Thirteen Days illustrates, there was considerable antipathy between the Kennedy administration and the armed forces, manifested at both the analysis and implementation stages. The politicians felt the generals were trigger-happy, and the generals thought the politicians (especially after refusing air support for the abortive Bay of Pigs invasion a year previously) were cowards. One political-bureaucratic confrontation described in Allison (1971, pp. 127-32) and depicted in Thirteen Days involved Secretary of Defense Robert McNamara giving explicit directions to captains of ships involved in the blockade, rather than going through the normal chain of command. The discussion of bottom-up innovation noted the difference between situations where politicians trust the bureaucracy and those where they are suspicious of its objectives. In a crisis context, suspicion gives rise to politicians seeking alternative sources of information at the analysis stage, and monitoring closely at the implementation stage. In the instance where politicians were suspicious of the bureaucracy, the politicians took full credit for the innovation. In the other cases, while the crisis response was politically initiated, credit for the innovation was shared with public servants.

Organizational turnarounds led by agency heads

The genesis of organizational turnarounds is quite different from that of crises. Crises are a result of factors that are unprecedented, unpredictable, external, or environmental. In contrast, a turnaround is a response to a public sector organization that is simply not meeting normal expectations for service delivery. For example, some of the turnaround cases mentioned below involve failures to pick up garbage, provide swift emergency assistance to victims of natural disasters, regulate parking, pay workers’ compensation claims in a timely manner, and maintain safety in public housing. Each involves an implicit comparison with normal practice in other jurisdictions, and each was found to be failing to meet minimum standards. The similarity between crises and organizational performance failures is that both are publicly visible, leading to public demands on politicians for quick and effective action.

The first step in a turnaround is invariably the appointment by politicians of a new agency head (Borins, 1998, p. 157). The agency head who presided over the failing organization is fired or reassigned, and often other members of the senior management team who identified closely with the discredited agency head, or who are unable to adapt to the new head, are also let go. Turnaround leaders are generally energetic, dynamic, and relatively young for the post. They come from outside the organization, but are not neophytes. They know the type of operation well and/or are well acquainted with one or more of the major stakeholders. Knowing the operation is important because immediate action is necessary, and the turnaround leader cannot spend the first six months learning on the job. Knowing the stakeholders is also important because gaining their support is often a critical early step in the reform process. Turnaround leaders are not classic charismatic leaders, who can inspire their followers in any setting. Much of their success comes from their expertise about the operation and their knowledge of key stakeholders.

Agency turnarounds are not seen very frequently among the applications to innovation awards. Less than 5 percent of the applications to the innovation awards studied were classified as turnarounds. In a typical government, there are very few agencies that are total disasters. Most are performing relatively closely to the mean across jurisdictions, while a few may be best in their class. Most innovations are, therefore, attempts to move adequate performers to best in class, or initiatives by the best performers to push the frontiers forward (Borins, 1998, p. 154).
Agency heads attempting turnarounds face two leadership challenges, one involving the politicians to whom they are responsible, and the other involving their staff. The challenge at the political level is to regain confidence. Tactics for doing this include emphasizing political accountability to raise performance expectations of the organization, undertaking new initiatives that will demonstrate the organization’s new vision and priorities, and using initial successes to convince politicians to provide additional resources for the organization (Borins, 1998, p. 156). A recent case that illustrates the importance of political support is the turnaround of the Federal Emergency Management Agency (FEMA) led by James Lee Witt during the Clinton administration (Daniels and Clark-Daniels, 2000). After FEMA experienced some dramatic failures during the (George) Bush administration, Clinton appointed Witt, who had served him previously as director of the Arkansas Office of Emergency Services. Clinton supported Witt in several ways, including designating FEMA as the lead federal disaster agency and elevating Witt’s position to Cabinet status (Daniels and Clark-Daniels, 2000, p. 8).

The leadership challenge involving staff is to convince dispirited people that change is possible and that their efforts to do better will be supported. One essential tactic is scapegoating, namely, arguing that the agency’s problems are not the fault of the staff who remain, but rather the fault of the discredited leadership. With the failed and discredited leaders removed, anything is possible. Many turnarounds involve reengineering the basic processes of the organization, for example replacing a centralized functional structure with geographically decentralized structures that give front-line workers more autonomy but also demand accountability for results. This can be facilitated through the increased use of information technology. In addition, the agencies will reach out to their clients and stakeholders, getting them more involved in both policy-setting and operations (Borins, 1998, pp. 156-8).

It might be asked whether turnarounds are necessarily innovative. Is it especially innovative if an organization moves from being worst in class to average in class or even better than average, if what it is doing is simply replicating those that are best in class? Turnarounds may become innovative because the process of scapegoating the discredited leadership, reorganizing, and providing more autonomy for front-line staff makes it clear that the organization is truly open to new ideas and new ways of doing things. It is legitimate to question all the old ways and propose better alternatives. An organization in the process of a turnaround may therefore take advantage of the receptiveness to new ideas that its new leaders display to go from being worst in class to best, thus producing many innovations.

Even though turnarounds are relatively infrequent, there is no shortage of turnaround cases in the literature, in part because the actions of the turnaround leaders are often heroic – at least among bureaucrats – and in part because turnaround stories share the same mythic structure as biblical or literary tales of redemption or deliverance (Frye, 1982). Some recent examples include Witt’s turnaround at FEMA and two turnaround cases presented in fine-grained detail in Mark Moore’s (1995) well-known book Creating Public Value: Strategic Management in Government, one involving the Boston Housing Authority and the other the Houston Police Department. The discussion of turnarounds in Borins (1998, pp. 153-64) was based on four cases: New York City’s child health care clinics and vehicle (sanitation and snow removal fleets) maintenance facility, the City of Chicago’s parking enforcement program, and Washington State’s workers’ compensation system.

Conclusion

This article has made the case that there exists a strong link between innovation and leadership in the public sector. The two ideal types of top-down innovation, responses to crises and agency turnarounds, are led by politicians and agency heads respectively. Politicians determine the strategic shape of responses to crises and agency heads the new vision and priorities for the organizations they are attempting to turn around. The best advice one could give to politicians responding to crises is to search widely for information, consult widely, and investigate a comprehensive set of options. Assumptions must be tested, and politicians and their advisers should act as skeptical generalists in evaluating information and options. Based on a substantial number of case studies, proven advice for agency heads leading turnarounds is to work simultaneously at regaining confidence at the political level and convincing dispirited staff that change is possible and their efforts to do better will be supported. Tactics to regain political confidence include emphasizing political accountability to raise performance...
expectations, undertaking new initiatives that will demonstrate a new vision and priorities, reaching out to clients and stakeholders, and using initial successes to leverage additional resources. At the staff level, tactics involve scapegoating previous discredited leaders and reengineering basic work processes, often through information technology.

The quantitative evidence shows that bottom-up innovations occur more frequently in the public sector than received wisdom would have us believe. The individuals who initiate and drive these innovations are acting as informal leaders. The visibility these individuals gain and the results they achieve lead them to be promoted rapidly to positions of formal leadership. Politicians and senior public servants create organizational climates that will either support or stifle innovations from below. Creating a supportive climate would entail consulting staff, instituting formal awards and informal recognition for innovators, promoting innovators, protecting innovators from control-oriented central agencies, and publicly championing bottom-up innovations that have proven successful and have popular appeal.

A key thread running through this analysis is that the nature of the relationship between the political leadership, on the one hand, and the bureaucracy, on the other, has an impact on the nature and extent of innovation. If the political leadership distrusts the bureaucracy, it will attempt to stifle bottom-up innovation, micro-manage the response to crises, and use widespread replacement of staff as a turnaround tool. If the political leadership has a better relationship with the bureaucracy, it will both encourage bottom-up innovation and make the bureaucracy a partner in both crisis response and agency turnarounds. Politicians have a sense of the magnitude of the tasks they face and the capability of the public service that supports them, and it is this sense that would drive their stance toward the bureaucracy. The public good requires a bureaucracy that is loyal and professional, and that can be a willing and capable partner in innovation.

Innovative organizations are both inventing and adopting. Sometimes adopted technology (VHS) turns out to be more popular than invented technology (Beta). Public sector innovation awards, the source of data for this article, also blur the distinction and recognize both inventions and effective adoptions.

2 Applications to three innovation awards have served as the basis of this research: 321 applications to the Innovations in American Government award between 1990 and 1998, 37 applications to the Institute of Public Administration of Canada (IPAC) public management innovation award between 1990 and 1994, and 83 applications to the Commonwealth Association for Public Administration and Management (CAPAM) international innovations award in 1998 and 2000. The American award was restricted to state and local government from 1990 to 1994 and broadened to include the federal government in 1995. The American award required semifinalists to complete a detailed questionnaire that dealt with the process of innovation and responses were coded and analyzed. A questionnaire modeled very closely on the American award questionnaire was sent to the applicants to the IPAC and CAPAM awards and responses were also coded and analyzed. For a discussion of methodological issues see Borins (1998, pp. 12-18).

3 The next section discusses the importance of an organization’s top leaders creating a climate favourable to innovation. This can be done without their being directly involved in deciding the fate of many, or even any, particular innovations. Thus, front-line innovators would work through bureaucratic channels, rather than appealing directly to the political level or outside the organization.

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