DISCUSSION NOTE FOR SESSION 1: INNOVATION SKILLS AND COMPETENCIES IN THE PUBLIC SECTOR

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Innovation – an opportunity to change for the public sector?

1. Governments around the world are operating in a new landscape. The public sector faces increasingly complex and interconnected economic, social and environmental challenges; technology is revolutionising how citizens interact with each other and with their government; individuals and organisations across the public sector are forming new kinds of partnerships cutting across traditional hierarchical structures; and citizens are more informed and connected than ever. Together these factors create opportunities for governments to think and work in new ways to deliver public value.

2. OECD ministers, gathered in the 2015 Ministerial meeting in Helsinki, acknowledged the importance of investing in a culture of innovation in the public sector to focus on the true needs of citizens and develop solutions enhancing the well-being for the whole society. The OECD Observatory of Public Sector Innovation (OPSI) supports innovators around the world in their efforts to identify, develop, replicate and diffuse innovative solution, as well as generating insights on the contextual factors, enablers and barriers to their successful implementation.

3. Tackling the innovation challenge is easier said than done. It requires a systemic approach focusing on the people involved, the information they are using, the ways in which they are working together, as well as the rules and processes which govern their work. Leaders, innovators and civil society representatives gathered at the 2014 Observatory Conference “Innovating the Public Sector: From Ideas to Impact” agreed on the need to urgently address these four areas to promote and enable public sector innovation.

Box 1. Call to Action from OPSI conference 2014

ACTION 1: Focus on people

Governments must invest in the capacity and capabilities of civil servants as the catalysts of innovation. This includes building the culture, incentives and norms to facilitate new ways of working.

No government can build a strong and secure country without a professional, capable and innovative civil service. As demands on the public sector and corresponding resources continue to move in opposing directions, an innovative public service will be increasingly vital to ensuring both domestic and global success. Given the far-reaching impact of the public sector, all governments have a stake in ensuring that their public services are equipped with the skills, incentives and scope for smart risk taking and problem solving to spur innovation and drive better outcomes for citizens.

ACTION 2: Put knowledge to use

Governments must facilitate the free flow of information, data and knowledge across the public sector and use it to respond creatively to new challenges and opportunities.

The information, data and knowledge that inform strategic and operational decision making are critical to fuelling public sector innovation. Harnessing the innovative potential of information requires that information be open and available, and that organisations carefully consider what information is required and how best to systematically integrate it into the decision making process to support continuous learning. Organisations who fail to learn risk incurring higher costs and repeating their errors, while failing to realise new possibilities.
**ACTION 3: Working together**

Governments must advance new organisational structures and leverage partnerships to enhance approaches and tools, share risk and harness available information and resources for innovation.

The complex problems faced by governments today require new ways of working. These include approaches based on collaboration and partnership which integrate the vital perspectives of citizens, civil society, academia and business, as well as exchange within the public sector. Creating more open, networked, and horizontal organisations, adept at collaboration inside and outside government are required. So too are more flexible approaches to working, including pooling talent and creating multidisciplinary management teams to strengthen collaboration. Temporary teams, pilot projects and short-term assignments are all ways for governments to experiment and better align talent and resources to encourage dialogue, experimentation, risk-taking, problem-solving and innovation.

**ACTION 4: Rethink the rules**

Government must ensure that internal rules and processes are balanced in their capacity to mitigate risks while protecting resources and enabling innovation.

While internal controls, rules and processes are required to ensure sound stewardship and accountability, they can inadvertently stifle innovation. To guard against this, governments must ensure that their public services are marked by reasonable rules and lean processes. Such efforts should ensure that the accountability regime is both robust and easy to navigate while also more systematically focused on enabling innovation, and working horizontally to achieve shared objectives. New outcome-focused approaches to project management are one step in moving away from the rigidities of a command-and-control model.

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**Towards a more innovative public sector: the OPSI research agenda**

4. OPSI research agenda focuses on both supporting innovation practitioners to learn from and use innovation approaches and tools, and policy makers to identify the policy levers that can be activated to overcome barriers to and make the most of innovation. An upcoming report is identifying and analysing some key aspects of how government works that affect capability and motivation (HR, budgetary rules, coordination frameworks), thereby creating (or not) an environment that supports innovation.

5. Under a partnership framework with the EC H2020 program, the Observatory is expanding its research agenda to include development of case studies on system innovation and mapping innovation methods and techniques across the innovation lifecycle (from sourcing ideas to diffusion of innovation), and developing a framework and inventory of innovation skills and competencies in the public sector which can be used by departments as well as training centres.

6. The OECD is putting this work to practice in a baseline review on public sector innovation in Chile. Its purpose is to analyse the current strengths and challenges of the Chilean civil service’s capacity to support innovation and of civil servants to do it. The review will identify the main gaps and challenges, strengths and risks for improving innovative capacity and will develop recommendations for both civil servant skill development and institutional readiness. It will also propose concrete actions to support the mandate of the Chilean Laboratorio de Gobierno to conduct innovation projects, to embed innovation skills in the broader civil service, and to build and manage the wider innovation ecosystem with key partners inside and outside government. The model used in Chile will be presented at the end of the session and can be adapted to address related challenges in other county contexts.
A specific focus on skills for innovation

7. The innovation framework developed in OECD “the Innovation Imperative in the Public Sector – Setting an Agenda for Action” puts people at the centre of an innovative organisation. It’s the capacities and competencies of individual civil servants, the way they are organised in teams and structured in the public administration that will likely determine how effective the public sector is at being innovative. However, this is probably the element we know the least about. While the OECD has done significant work on the institutions of government and rules and processes of governing, we know comparatively little about the women and men who work within these structures, the skills and knowledge they use, and what motivates them to contribute. And even less in the context of public sector innovation.

Figure 1. People at the centre of Public Sector Innovation

Source: OECD (2015), The Innovation Imperative in the Public Sector: Setting an Agenda for Action, OECD

8. The OECD is not alone in this assertion. Preliminary 2016 data from the OECD’s survey of Strategic Human Resource Management practices in government (the SHRM Survey) indicates that innovation is among the highest priorities for HR reform across OECD countries. As figure 2 shows, 20 OECD countries report actively reforming HRM systems with a view to encourage and support more innovation in the civil services, while an additional 8 countries indicate that it currently under discussion at high levels.

9. Figure 3 shows that 28 countries feature public sector innovation in government-wide strategic objectives, and many are developing learning and training programs for civil servants and civil service leaders. Approximately half of the respondents include innovation-related concepts in their competency frameworks. These findings underline to the importance of research on skills and competencies for innovation, as so far no common understanding exists of what competencies are necessary to support innovation in a public sector environment.
Figure 2. HR Reform Priorities in OECD countries, 2016

Source: Preliminary findings of the OECD 2016 Strategic Human Resources Management survey

Figure 3. Public sector innovation included in...

Source: Preliminary findings of the OECD 2016 Strategic Human Resources Management survey
10. The goal of this research is to identify, catalogue and analyse critical skills and competencies for innovation in public services. The output will be a framework for innovation skills that will be used to develop learning tools for civil servants and other public employees. The OECD will also undertake research on effective learning environments for such skills and competencies in a later phase. All of this research will be based in practice with a view to ensuring maximum applicability for OECD members and beyond.

11. The research plan to develop the skills framework is the following:
   
a. Literature review on skills and competencies related to innovation

b. Exploratory interviews with public sector innovators profiled in the OPSI to identify skills and competencies used in practice

  c. Workshops with civil servants, public sector innovation, HR and training experts to prototype and test the competency model (to date this has been completed with various civil servants and leaders in Chile, and with the Schools of Government Network)

d. Online consultation

The OPSI and PEM workshop

12. Today, the PEM and the OPSI Points of Contact will have an opportunity to input into this research and help to develop the competency framework. In facilitated break-out groups, participants will be asked to reflect on their experience and knowledge of innovation in their own public sector environments to build an inventory of skills, reflect on a prototype innovation skills framework, and discuss implications for HRM in civil services.

13. The following questions will guide the small group exercises:

   - What kinds of innovation processes have you been involved with in the past? Reflecting on these experiences, what skills are essential for success? Were these skills easy to find, or did they need to be developed along the way? If you were to embark on an innovation project today, what skills and competencies would you collect in your “dream team”?

   - Given the skills and competencies identified, what implications might this have for HRM in your civil service? How can people with these skills be attracted, developed, motivated, and most effectively used in a public sector environment?

   - What kind of framework can the OECD produce to help member countries in this regard?

14. The results of these small group exercises will be reported back at the plenary session and recorded by the OECD to input into a new iteration of the prototype competency framework. In this way, the PEM and OPSI points of contact will be actively inputting into an ongoing piece of work that will continue over the summer and be eventually used to develop learning materials and capacity building projects.