

## Can Parliaments Take Part in the Innovation Process?

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### Introduction

I would like to bring to you some idea of the real, innovative work going on inside the Parliament of Finland, among Finnish MPs and especially in my committee, a standing Committee for the Future. The Finnish Parliament created the world's first parliamentary committee on the future. I know our work is unique, even the committee itself. The case I will shortly introduce is going deep in the drive, which I would like to name the drive to a new, more innovative State.

Especially I would like to inform you about our last publication on "Knowledge Management"(in web-pages only in Finnish, in print coming in English). The issue was difficult. Most interesting from the point of view of innovation was the way MPs in the Finnish Parliament and in my committee started to handle it. One of the very basic questions the Finnish politicians tackled was

How to manage the growing flow of information and even knowledge so that all that would have something to do with wisdom? <sup>1</sup>

The innovative spirit has spread as well to the core bureaucracy, to governmental politics. While the Finnish Parliament has during the 1990s been very active in Future work and also now in handling this problem of managing knowledge, the Finnish Government also decided to adopt some new innovative ways of working.

### Can Parliaments take part in the Innovation Process?

My claim is that they can and they should.

Innovation has been one of the most-used words during the 90s, describing the driving forces of the New Economy. Normally innovation is understood to mean something very valuable within the Private sector, in real business. After working the entire 90s in tasks of monitoring the future (including New Technology, New Economy and of course problems of democracy) I strongly

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<sup>1</sup> see some results and the way of working with the problem, our publication in English, which I will bring with me, it will be later in web-pages of the Finnish Parliament, [www.parliament.fi](http://www.parliament.fi) and Committee for the Future/technology assessment/publications

disagree. The need for innovation is equally as important within the Public sector as in the private one. Actually, I would like to deliver in this paper one message, namely: innovation is much more important in the public sector.

We really need the innovative state of mind to solve very complicated problems of the Future Society. On the level of ideologies I would like to quote John Lloyd<sup>2</sup> who argues in an article in Financial Times titled Wanted - the next big idea:

“If the world is to survive this century it must find a way to organize - even to civilize - opposition to liberal democracy and to capitalism.”

## **1. Politics is values, values are essential for innovation, and vice versa**

First, innovations in every society are connected to the values of society. Innovation means movement - physical or mental or normally both. You are moving forward or backward, vertically or horizontally, to the right or to the left. You are challenging something. Any kind of innovation means that you are changing something. It is one of the main jobs of politicians to talk with people about values, good and bad ones, old and new ones, lost and living ones and even about those which are coming out in the future and are now seen only as tiny little signs. It is their task also to talk about movement and about change.

We in the Committee for the Future called these signs of values, movement and challenges “weak signals of information, knowledge or wisdom” as scholars of Future studies do and adapted also the term “tacit knowledge” which means in a way some kind of opposite to hard facts. It can consist of old traditional, often also sensitive and very sophisticated wisdom, or very practical, habitual everyday manners or just a feeling or an impulse. Tacit Knowledge is a term, or actually a model of thinking, created by a famous Japanese professor, Ikujiro Nonaka, who visited Finland several times during our special working study group of Knowledge management.<sup>3</sup>

Politicians have to be aware of what’s happening in the society and not only this, they have to push good things forward and fight against bad ones and all this at as early a stage as possible.

To me and in this paper politics is treated as a positive thing and in my thinking politicians are really important opinion leaders - including in questions of innovation.

Politics and generally work in the Public sector differs from any other work in two aspects: 1) you are using other people’s power and money for the common interest and 2) only the State has

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<sup>2</sup> see Financial Times, weekend, January 12/13 2002

<sup>3</sup> Ikujiro Nonaka: *Enabling Knowledge Creation, The Handbook of Organizational Learning & Knowledge; Invasion Marketing: How the Japanese Target, Track, & Conquer New Markets; Knowledge Emergence; The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation, Managing Industrial Knowledge*

the legal right to use violence in order to get its will through. It is a matter of no less than the well being of the whole nation and in this world of globalization even much more. Politics and public service are tasks in which the highest level of innovations are needed and in which the work is totally innovative if it is done right, wisely and with passion.

Second, politicians also have an important role in raising an active and optimistic spirit in society. They are responsible for supporting and creating trust and hope among people. There needs to be, in society, a feeling of real and new possibilities for success. People must know about their potential. They must be sure that work, education, studying, entrepreneurship and risk-taking are worth something. Stagnation and degeneration are not phenomena of history, not even in our modern wealthy Western World. Competition has become much harder. The up-and-down cycles of the economy, in science, in technology and also in knowledge have become much faster. Suddenly those who seem to have everything and even own keys for the glorious Future can be losers.

We often forget that two tasks of Parliament, making laws and making the final decision on the state budget, are really heavy tools, not only for delivering material goods to people, but also for supporting a positive spirit, and encouraging everyone to be an active member of the society.

Politicians should be active not only in supporting education and knowledge, they should have a clear role in creating and changing the values of education, knowledge and culture, in directing common interest, in raising an intellectual spirit among folks -especially with those who are not part of any kind of elite – and also in pushing civil servants to renew their often old and bureaucratic thinking and an old-fashioned way of working. These are all necessary elements for an innovative public sector.

But, all this needs innovative people with an eagerness to be a politician and after that the courage to ask for knowledge. You have to be ready to follow what is new and fresh. It is important not only to collect information, but criticize and analyze it, to taste it, to value it and finally to use it efficiently and wisely.

## **2. Background to the need for a more innovative State - Changes in the task of the State**

The structure of governance is changing. The State, representatives and servants have to be ready to take on responsibility for new tasks that are relevant for economic growth as well as the social well being of the people.

In Finland we have seen that the new State or national administration is composed of three functional elements. They are the administrative functions, business functions, and public service functions. The strategies for the different State functions are based on their basic values. The administrative functions are based on the values of classical good administration with management guided by political steering. Public business functions are carried out according to business values. Their steering is based on the idea of corporate governance. The public service functions are based mainly on service values. The basic goals of the Government's policy of

governance and strategies of steering, financing, organizing, and controlling different State functions should be based on and deduced from these different values.

The mutual relations between political governance and the different strategies for the State functions can be described as follow:<sup>4</sup>

**Table 1: Political Governance**

	<i>Markets</i>	<i>State</i>	<i>Society</i>
<i>Value Basis</i>	market values	values of government	values of society values of individuals
<i>Principles</i>	competition profit-making ownership	coercion participation confiscation	trust, consensus voluntary collaboration
<i>Politics</i>	corporate governance	public sector governance	life policies, life governance

Whatever new idea, thing or project you may be planning on implementing, you have to analyze which of the three basic functions of the Government you should be dealing with. Or should you be dealing perhaps with all three of these quite different functions at once? Your strategy will be totally different from previous approaches.

This means politicians, civil servants or consultants thinking up solutions for problems of the present but especially of the future society must be prepared to rethink also basic structures of the State. Should the state act? Why? How? The servants of the people must be innovative in order to see beforehand what kinds of activities are expected from the state. So, innovation is not needed only with all kinds of new technology and processes, but more and more by focusing on the State.

I want to emphasize that the optimal role for the state in handling or managing these problems is quite different in regard to various tasks. Sometimes the role is a legislative one. Sometimes a financial one. In some cases it is enough if the state can produce well-educated people for the workforce. It can perform the role of a judge, an architect, or a savior. The state can be active or reactive.

### **3. Committee for the Future in the Finnish Parliament**

After realizing how important knowledge of the Future is for Finns, we wanted to start from the very core of the decision-making system. This meant, for instance, that at the beginning of the

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<sup>4</sup> Seppo Tiihonen: The State and Governance, manuscript 2002

1990s, in order to manage these new problems including globalization, the new economy, and new technology, we needed a political forum in Parliament dedicated to these matters.

The Committee for the Future has now become, after a hard round of debates and voting in the Assembly, a permanent committee and a part of the new Constitution. We have an innovative political forum capable of lively dialogue, which, at the same time, is also a decision-making body on the highest possible level of politics to handle, for instance, knowledge management problems. Though one may not view the results of the committee as magnificent, I want to emphasize that merely being a part of the permanent committee system in the legislative body, the committee is in a position to send continuous reminders that, for instance, these e-things (e-democracy, e-commerce, e-government, etc) should be taken seriously.<sup>5</sup>

#### **4. The study group of Knowledge Management**

The study group was part of the methodological experiments in the Committee for the Future, in the area of technology assessment. Members of the group were mainly Members of Parliament from three parliamentary standing committees. They were not experts in information technology (IT) at all.

The Committee started by holding seminars and discussions both within Government and in Parliament. Our small study group oriented to Knowledge Management by visiting several universities and also IT-companies within Finland. Then we did a 10-day study tour to the USA (Boston, Washington and California/Silicon Valley). We asked experts - for instance professor Nonaka from Japan - to explain the most difficult parts of managing knowledge.

I will just take one basic discovery as an example from these discussions. We came convinced that

*It is absolutely important to share information and knowledge.*

Nokia, a Finnish mobile telephone company, is famous for its system of delivering all kinds of information efficiently within the firm and for sharing experiences within the company to as many as different levels of the organization as possible.<sup>6</sup>

What we learned also from professor Nonaka and from Nokia and from Silicon Valley was that in the knowledge-based society on every level and in every unit it is the task of leaders to take care that there is a spirit of working together, coordinating and consulting all the time, and again and again sharing knowledge.

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<sup>5</sup> There are several articles and booklets in English, for instance David Arter: The Model for Parliaments in the Future. The case of the Finnish Committee for the Future, *Politiikka*/periodical nro 2 /2000, pages 149-163, see also [www.parliament.fi/FutureCommittee](http://www.parliament.fi/FutureCommittee)

<sup>6</sup> see Dan Steinbock: *Nokia Revolution*. Amacom. NewYork 2001.

In the public sector it is not so easy. I only name two organizational reasons, one from the old Weberian administrative tradition and another from the New Public Management. The basic question in both these is:

*Why would I be needed if everybody knows what I know?*

Weberian style administration is full of hierarchies. Civil servants are used to thinking that position and knowledge go together. If you are a permanent secretary/deputy minister you know more than a chief of department, who again knows more than a chief of division, and so on down the hierarchy. The chief always gets a higher salary because he knows more. It is in his interest to keep this situation stable. On the other hand the New Public management, as an organizational model from the private sector, has brought us in the Public Sector the principle of paying for results or productivity. The better the results, the better the salary. The create results requires knowledge.

Why would you share information with your colleagues in these models? Both these organizational models mean that you certainly do not share anything that is valuable for yourself, for your success, for your status and for your career.

## **5. A personal example**

As an example of support for civil servants in keeping them innovative is my Sabbatical. It is not so common to be able to leave your post for 2 years just in order to civilize or cultivate, not necessarily to educate, yourself without any kind of obligation to work, to take exams or to produce other kinds of formal output. I get enough money from the State that I can live on it.

At the beginning of the 1990s a common sabbatical system was created in Finland where anyone can take leave of absence—minimum three and maximum 12 months—from their job, and get about 40 % of their salary. Social and other critical rights are retained and of course the right to come back any time.

So, in my case, over the course of two years I have a great opportunity to live in Washington, DC, to concentrate on writing and reading. I think I will go back to my job with many new, fresh ideas. This is important, as I have worked 25 years in the Public sector and still have 15 years left to go.

This kind of sabbatical system is based on the idea that in this knowledge-based world, in order to be able to renew themselves, elderly workers and civil servants in particular need time. They need time to collect information, but also to think, adopt these new ideas, processes and practices. IT is a good example, but there are a lot of others.

How have people reacted to this possibility? Not with eagerness. Briefly, only highly-educated women between the ages of 40 and 50 were ready to meet this challenge. There are many reasons, but I think the main reasons are money and lack of courage. Think of yourself - one morning

you will not go to your office. After some weeks you have done all those things you have always wanted, then comes again Monday morning, and again and again...

For me - especially moving to another country - it has been great.

Some will ask what new things I have I learned? Well, just to start with, a little case from our host country at this workshop, Canada.

I had an opportunity to make a presentation called COMMON INTEREST AND E-THINGS to the International Symposium *from telework to new forms of work in the information society*, May 15&16, 2001 in Québec City (if you are interested in reading it, see the Web-pages of the TIEKE Finnish Information Society Development Centre, [www.tieke.fi](http://www.tieke.fi)). I learned a lot in the Symposium, but what really fascinated me was a story I heard at one of the state departments of the Province of Quebec, which I visited. In one of those State offices one civil servant mentioned a project in which they have actively started to fight against the Digital Divide with a new method. I asked what was it. He told me that every family with children under 18-years got a personal computer and some free Internet time for a year.

Really a new way of thinking! A new way to do welfare politics, family politics, youth politics, rural and urban politics, social politics, IT-politics, and employment politics. A new way to do all of them, and at the same time.

Just brilliant! Think about this case also from the point of view of democracy and equality. It is a real effort to create equal rights and opportunities to be an active member of this more and more complicated society. It supports the weakest part of society, the poorest of citizens, those parents who do not have money, education and knowledge to give to their children. It provides the tools which are needed in practice in order to get a job or in general in order to manage to handle everyday problems in this Information Society we have created.

I just wonder whose idea this was?

### *Summary*

With these few words I have described something of the innovative work being done in the Finnish context.

We know perfectly well that the results of the committee for the Future have not been great, but still, isn't it important to have such a body? Merely being a part of the permanent committee system in the legislative body, the committee is in a position to send continuous signals-- sometimes strong, other times weak.