

# THE REALITY OF INNOVATION IN GOVERNMENT

by Nada Teofilovic

*“Innovation is the vital spark of all man-made change, improvement and progress.”*

*- Theodore Levitt, Harvard Business Review*

**Oxymoron** (oksi-mor-ŏn) *noun* From the Greek, *oxys* (sharp, keen) + *moros* (foolish). A figurative use of language that refers to a combination of contradictory or incongruous words, such as cruel kindness, clearly misunderstood, wireless cable and innovative government.

Many citizens believe that the notion of an innovative government is paradoxical. They presume that innovation thrives in dynamic, flexible business enterprises and not in rigid, bureaucratic government organizations. Thus, as a bureaucratic institution that adheres to strict rules, regulations and habitual ways of doing things, they assume that government is far from anything modern. If nothing else, its bureaucratic administration lacks the prerequisites for innovation, namely creative thinking, idea experimentation and inventiveness.

In actual fact, this definition of government is defunct. In response to a range of economic, political and ideological demands, the structures and processes of governance *are* changing and modernizing. The traditional public service is developing creative ways to address fiscal restraints and citizen demands for efficient service delivery; conventional, process-oriented public administration is giving way to results-focused public management; and federal departments are collaborating and working horizontally to overcome the hegemony of central agencies. In view of these developments, innovation is becoming a reality in government.

This paper is a theoretical study of the relationship between the Canadian public service and innovation. Empirically, this paper focuses on specific initiatives undertaken by the federal government, including Government-On-Line and staff recruitment strategies, to analyze the extent to which innovation has permeated the public service. However, the bulk of the analysis is general enough to apply to any technological and organizational initiative aimed to reform the federal bureaucracy.

The analysis suggests that the organizational structure of bureaucracy impedes true revitalization and modernization of government. While technology is an effective enabler of change, its impact on the public service is limited by specific attributes that are deeply ingrained in the structure and practices of Canadian governance. Rigidity, hierarchy and routinization are among the most problematic attributes. Thus, the basic argument of this paper is that while structures and processes are, to some extent, changing, the federal government needs a government-wide strategy (similar to Government-On-Line (GOL)) that aims to modernize the public service by revamping its bureaucratic structure. The federal objective should be to coordinate departments to create a dynamic government that fosters *partnerships, empowerment and leadership*.

To develop this argument, I have divided the paper into three main sections. The first part reviews ideas from both classic and modern organizational theorists to provide a conceptual understanding of 'bureaucracy.' The second begins by offering a basic definition of innovation, as understood by the private sector, and then broadens it to encompass the public sector. And the third section integrates the material on 'bureaucracy' and innovation to analyze recent federal reform initiatives. Based on the analysis of specific technological and organizational initiatives, this discussion offers recommendations for future government innovations.

## **BUREAUCRACY**

### **In Theory and Practice**

The notion of bureaucracy is often viewed as being synonymous with inertia, inefficiency and government. While many contemporary governments are bureaucracies, it should not be forgotten that the bureaucratic structure was a private sector initiative that was initially designed to *maximize* productivity and efficiency in *private* organizations. Although the term was not widely used, the general principles of bureaucratic administration were prevalent within factories prior to its adoption by government in the early twentieth century (Lowe, 2001).

Between the late 1700s and early 1900s, many theories of organizational behaviour focused on management innovations that incorporated elements of bureaucracy. Classic management theorists believed that organizations should work like machines, using people, capital and machinery as their parts; and that organizational success depended on maximizing production through the specialized division of labor (Shafritz and Ott, 1996, p. 31). The ideas of classic theorists, such as Adam Smith (1723-1790) and Frederick Winslow Taylor (1856-1915) had notable influence on the design and management of factory production (Shafritz and Ott, 1996, pp. 33-4).

For Adam Smith, the factory was the most expedient way to organize large-scale businesses and coordinate the work of large numbers of people. One of the pillars of his “invisible hand” market mechanism was the division of labour. He believed that advances in productivity, technology and standards of living were directly related to the use of specialized labour in business operations. Thus, Smith argued that it would be beneficial for businesses to embrace this organizational concept since it would enable them to operate efficiently and lucratively in a competitive marketplace.

Similarly, Frederick Taylor argued that an organization could increase its productive capacity by separating intellectual and manual labour, thereby dividing work processes into specialized tasks. He believed that the efficacy of specialized labour

depended on *how* work was divided and he asserted that there was “*one best way*” to accomplish any given task. With this idea in mind, Taylor pioneered time-efficiency studies and gained credence for his theory of scientific management, which applies scientific principles to systematically manage an organization. By the early 1900s, Taylor’s theory had effectively permeated the ethos of management in both the private and public sector, thereby giving rise to modern bureaucratic administration.

Published posthumously in 1922, Max Weber’s (1864-1920) “Bureaucracy” provided the first structural definition and analysis of bureaucratic administration. Unlike Smith and Taylor, both of whom firmly espoused the benefits of specialized labour in productive processes, Weber hesitated about applying the division of labour to administrative processes, specifically to bureaucratic organizations. Weber was not concerned with developing organizational structures that could increase business productivity, as were Smith and Taylor, but was interested in understanding the potential impact bureaucratic structures had on human behaviour.

Weber used an “ideal-type” as a theoretical model to analyze the role bureaucracy had in the expansion of capitalism and its influence on society. He developed his “ideal-type” by studying real world bureaucracies and extrapolating the central core features of well-established bureaucratic organizations, such as ancient armies in Rome and modern-day governments in Europe. He found that the most notable organizational features included hierarchy, division of labour and impersonality (Shafritz and Ott, 1996, p. 35).

He also noted that both private and public sector bureaucracies were process-oriented, rules-based organizations. The hierarchy maintained power and directed control through a top-down chain of command, while work was broken down into specialized tasks and routinized. Routinization demanded compliance with a comprehensive set of rules and administrative regulations, which effectively limited decision-making discretion among managers (Altshuler, 1997, p. 1). The purpose was to ensure that “bureaucratic authority” (e.g., public sector managers) and “bureaucratic

management” (e.g., private sector managers) acted honestly and without bias. Moreover, Weber observed that the efficacy of bureaucratic structures depended largely on the extent to which personal and irrational emotions (e.g., greed, jealousy and ambition) were removed from business operations.

It is also noteworthy that Weber was not among those individuals who regard bureaucracy as synonymous with inefficiency; rather, he believed that bureaucracies were efficient, rational and honest organizations that could effectively withstand the economic pressures of a competitive marketplace. He argued that bureaucracy gained popularity among both private and public institutions because it was a durable form of organization that “once it is fully established, [it] is among those social structures which are the hardest to destroy” (Sharftiz and Ott, 1996). Still, despite its operational values, Weber abhorred bureaucracy as a way to organize and manage people. In his view,

[t]he professional bureaucrat is chained to his activity by his entire material and ideal existence. In the great majority of cases, he is only a single cog in an ever-moving mechanism which prescribes to him an essentially fixed route of march. It is horrible to think that the world could one day be filled with nothing but those little cogs, little men clinging to little jobs and striving toward bigger ones...this passion for bureaucracy...is enough to drive one to despair.

As a sociologist, Weber was concerned with the effect bureaucracy had on individuals and their social relations. As a structuralist, he believed that organizational structures influenced individual behaviour patterns and feared that bureaucratic administration necessitated a tradeoff between individuality and efficiency.

It is as if in politics...we were to deliberately become men who need “order” and nothing but order, become nervous and cowardly if for one moment this order wavers, and helpless if they are torn away from their total incorporation in it. That the world should know no men but these: it is in such an evolution that we are already caught up, and the great question is, therefore, not how we can promote and hasten it, but what can we oppose to this

machinery in order to keep a portion of mankind free from this parceling-out of the soul, from this supreme mastery of the bureaucratic way of life.

By extension, Weber detested the characteristics that made bureaucracy efficient – *order, impersonality and routinization* – because they had a ‘dehumanizing’ effect on both the workplace and society. The irony of bureaucracy is that it can over-conform to its own rules and procedures, thereby treating individuals as numbers and generating “red tape.” In doing so, it also stifles personal growth, decreases worker morale and quells ambition, which consequently affects an organization’s productive capabilities.

For this reason, many private sector organizations have replaced their bureaucratic administration with more flexible workplace structures that motivate and encourage workers to “think outside the box.” These organizations have made a fundamental shift toward building structures that capitalize on the entrepreneurial capabilities of *all* workers, invest in human capital development and create conducive conditions for innovation (Conference Board of Canada, 2001, p. iii). Their objective is to maximize the organization’s efficiency by fostering idea experimentation, creativity and ambition among workers, all of which are critical determinants of success in a capitalist market. In contrast to these private organizations, the public service has succeeded in maintaining its traditional bureaucratic structure largely because it has not faced any direct competition.

### **Bureaucracy Revisited: The Canadian Example**

Unlike Weber, modern scholars David Osborne and Ted Gaebler argue that governments are inefficient because they are hierarchical, over-centralized and routinized. They suggest that the inefficiencies nullify the fundamental objective of creating a public service bureaucracy – that is, the intent to eradicate patronage, create a career civil service and safeguard against the misuse of public money by public officials. However, by trying to safeguard the public’s money, bureaucracy

made it exceedingly difficult to *manage* it. Osborne and Gaebler also make the point that the routinization of work in the public service diverts attention from end-results to process (Shafritz and Ott, 1996, p. 491). As a result, the public service has become unresponsive and inept in adapting to changes in the socio-economic and political environments. By extending Weber's critique to Osborne and Gaebler's account of the Canadian government, we can argue that bureaucracy is an anathema to creativity and personal expression. It is structured to limit passion and the influence of emotions in official business.

Until the 1980s, the federal public service was often criticized as being anachronistic and outdated, but it never faced any serious challenge to its legitimacy or efficacy. However, by the 1990s, changes in the economic, political and ideological environments placed unprecedented pressure on the bureaucratic structure of the federal government. Canadians were frustrated with the inefficient, unresponsive and cumbersome nature of "big government." As highlighted by the Spicer Commission in March 1991, Canadians had "lost faith in the political system and its leadership" and wanted "their leaders to understand and accept their vision of the country – [they] must be governed by the wishes of the people, and not the other way around" (Panitch, 1993, p. 4).

The immediate response was to downsize the civil service and decentralize decision-making. Initiated in February 1994, Program Review endeavored to decrease the national deficit by "flushing out waste" from federal programs. The scope of the resulting reforms was unparalleled in the history of the public service. Yet despite job cuts, wage freezes and a smaller bureaucracy, citizens still did not believe that the public service was any more efficient, responsive or accountable than it was prior to Program Review. In fact, things were seemingly worse than ever. In addition to the previous problems with fiscal resources, service delivery and citizen discontent, the federal government was also challenged by problems with low employee morale, which had become endemic within the public service.

In “Downsizing: Its Effects on Survivors,” the Public Service Commission of Canada offered a new lexicon to highlight the hidden costs of massive downsizing. The word list, which included terms such as ‘institutional Alzheimer,’ ‘corporate anorexia,’ ‘revolving door syndrome’ and ‘death spiral,’ provided a symbolic message:

*Downsizing has human costs that can effectively defeat the downsizing process and undermine its objectives* (Public Service Commission of Canada, 1996, pp. 4-5). The Public Service Commission also noted that,

[t]he best and the brightest employees will often leave the organization, and yet, it is precisely these skilled individuals, with their energy and their creativity, that the organization needs if it is to survive. The costs of hiring new employees are enormous for an organization that has lost not only its best people but, along with them, their special know-how and expertise (p. 3).

The paper concluded by stating that “the public sector has to carefully plan the downsizing process...[and] learn from the experience of the private sector,” particularly in terms of employee morale. By 1997, it had become increasingly apparent that the federal government needed to take a different approach to the reform process. By the late 1990s, unremitting economic, political and ideological imperatives provided the impetus for further government restructuring.

In hindsight, Program Review demonstrated that public discontent was not related to the *size* of the public service as much as it was related to its *bureaucratic structure*. In recognizing this, government has returned to the private sector for ideas to revamp its organizational and managerial hierarchy. The goal is still to root out inefficiency, ineffectiveness and unresponsiveness, but the focus is now on flexibility, adaptability and growth within the public service. Unlike the previous reforms, which aimed to “reinvent government” by downsizing and decentralizing, the new reforms aim to “revitalize government” through innovative changes in both technology and organization. But before I discuss these innovations in greater detail, let me first define innovation and illustrate how the definition varies between the private and public sectors.

## **INNOVATION DEFINED**

Innovation is a process through which economic value is extracted from knowledge and ideas. As an economic driver, it can improve competitiveness, generate wealth, create jobs and sustain a high quality of life (Conference Board of Canada, 2001, p. iii). Through the generation, development and implementation of ideas, organizations can introduce new products, services, processes and techniques into society. But when, why and how organizations undertake the innovation process depends on both internal and external factors.

Externally, innovation is affected by stakeholder interests, competition and changes in the economic environment. Internally, it is influenced by organizational culture, managerial visioning and individual motivation. Internal factors have a particularly catalyzing effect on the innovation process. Innovative corporations have distinct work cultures, which offer challenging, meaningful and interesting work, provide opportunities to develop new competencies and promote idea experimentation among all employees. This is particularly noteworthy for the following section, which focuses on innovation in government. In many instances, corporations motivate their employees by encouraging increased participation in decision-making processes (Glor, 2001, p. 3).

Innovation is a process, but it is not self-generating or self-sustaining; rather it requires extensive leadership to establish the organizational capacity to both foster idea experimentation and tolerate “smart failures” (Conference Board, 2001, p. v). In its report, “Investing in Innovation,” the Conference Board of Canada states that innovation requires the full integration of thinking, managing and “doing” skills. Thinking provides the capacity to generate ideas; managing offers the process and planning skills that are needed to manage projects; and “doing” ensures that the products and services are taken to market. Innovation also requires “investment in a variety of activities, such as bright ideas, learning systems, training, research and

development, technology commercialization, corporate culture and entrepreneurial spirit” (Conference Board, 2001).

That being said, innovation is a process that extends beyond the private sector. In fact, I argue that it is the fundamental element needed to revitalize and restructure the public service. Although it does not face the market forces that incite private sector firms to innovate, the federal government faces economic, political and ideological imperatives that, as stated earlier, can challenge its role, legitimacy and efficacy. These imperatives have led to the refocusing of government work toward contract management and strategic policy development. As a large enterprise, government has become more concerned with both developing policies that effectively reflect societal needs and ensuring that the policies are implemented (either in-house or by an outside source) in an efficient and timely manner. Innovation can play a pivotal role in meeting these objectives.

Thus, by extending the innovation process to the public sector, its definition broadens to describe a process through which economic *and* social value is extracted from new ideas. By this definition, innovation may be the next logical and necessary step in the movement to reform government.

## **INNOVATION IN GOVERNMENT**

In the remaining part of this paper, I will focus my discussion on the reality of innovation in government. In doing so, I will integrate the material from the previous sections to examine the technological and organizational innovations undertaken by the federal public service. To parse out the intricacies of these initiatives, *technological* and *organizational* innovations will be addressed separately. An examination of these initiatives will highlight two simple, yet critical observations: (1) The federal government is meeting only half its innovation objectives, namely its technology goals; and (2) These objectives are only half defined.

Technological goals are defined by a government-wide strategy to establish an electronic portal to link government services and citizens, but there is no comprehensive strategy outlining its organizational objectives. The following discussion will demonstrate how different departments have experimented with different organizational initiatives and demonstrate the need for an overarching objective to coordinate and streamline these initiatives into a single federal strategy. Let us now examine the technological and organizational initiatives recently undertaken by the public service.

### **Technological Innovations: Constructing an Electronic Government**

In 1994, the Treasury Board Secretariat released a discussion paper, “Blueprint for Renewing Government Services Using IT,” to outline “an integrated approach to improving the delivery of government services while significantly reducing associated costs” (Treasury Board, 1994). The paper also highlighted the global pressures and the public’s increasing frustration that were necessitating the use of IT (information technology) in the public service (Paquin, M.). These pressures represented ideological changes, both nationally and internationally, in how citizens generally defined the role of government and specifically, how Canadians circumscribed their government. As I stated earlier, the widespread use of information technology in the private sector effectively transformed public expectations of the Canadian government.

Cognizant of the economic, political and ideological implications of this change, the federal government set out to establish a strategic framework that could successfully apply telecommunications and information technology to revolutionize the way policy-making operates and how government services are delivered. The release of the “Blueprint” paper provided a starting point for both discussion and action. Notably, many federal departments were receptive to IT initiatives that could make

access to their services faster, convenient and cost-effective. The following initiatives are good cases in point.

The Canadian Customs and Revenue Agency (CCRA) offers a variety of electronic services, including the web capacity to file income tax returns and business tax payments. Human Resources Development Canada (HRDC) has established an interactive website entitled “Job Futures 2000.” Industry Canada’s “SchoolNet” is another example of technological innovation in government. Currently, SchoolNet’s promises to champion lifelong learning and create world-class educational resources on-line by providing increased access to high-speed broadband Internet service for businesses, schools and residents in all Canadian communities. With the recent 2001 Budget, the federal government demonstrated its commitment to this mandate by allocating \$110 million to continue work on improving access to the Internet broadband network (also known as CA\*net4).

Taken together, HRDC’s Job Futures, Industry Canada’s SchoolNet and the technological innovations carried out by other departments comprise a comprehensive strategy to get Government-On-Line (GOL) and accessible through a single electronic portal by 2004. This initiative is guided by two basic principles:

1. Providing citizen-centered, integrated services that reflect public needs and expectations; and
2. Building partnerships to work collaboratively with departments and agencies in the public, private and voluntary sectors.

In the 2000 Budget, the federal government committed \$600 million over the following four years to the Government-On-Line project. Advocates espouse GOL as a smarter and faster way to provide higher quality services through a medium that is less-time consuming and more cost-effective than conventional government structures. It also provides the public service with a tool that effectively addresses the economic, political and ideological imperatives necessitating government reforms.

More importantly, and perhaps unexpectedly, e-government is emerging as a new tier of government. As such, it is an effective tool that can enrich the practice of

democracy by facilitating citizen participation in governance and dissolve the public-government boundary. No other structure of governance is as interactive, user-friendly, immediate and connected as e-government -- that is, assuming that the *citizens* are connected. It would be a critical, and potentially perilous, mistake to continue to advance GOL without considering how many Canadians are *not* accessing e-government.

According to a recent study by the Department of Canadian Heritage, 42% of the Canadian population has never used the Internet. Sixty-seven percent of these individuals have never used a computer and 76% are not even interested in using a computer ("Electronically Divided," PRI Conference, 2001). These statistics suggest that the next major challenge is to determine how to ensure that e-government does not marginalize citizens who are technologically disadvantaged or disinterested. For this reason, it is imperative that programs, such as SchoolNet, continue to work toward narrowing the electronic divide by developing creative ways to engage *all* Canadians on-line.

In addition to the connectivity gap, there are operational questions with e-government that must also be addressed, such as: What measures are needed to protect citizen privacy and secure the confidentiality of electronic data banks in government? Who will answer emails? Who will update web sites? And what about information overload? While IT is an invaluable tool that can improve government efficiency, we must not overlook the fact that it may also contribute to inefficiencies. We must understand that, in terms of service delivery, there is a technological satiation point, that is, the point where citizens become frustrated with the technology and overwhelmed by the volume of information. This is also true for public servants who devote a significant part of their workday to email correspondence and information management. We should also acknowledge the shortcomings of the Internet as it has emerged as a popular procrastination tool and an effective "thief of time" in the workplace.

Aside from the general issues surrounding the access and operation of e-government, advancements in this technological initiative are also hindered by a number of government-specific factors. Most notably, public service initiatives are limited because they are financed by taxpayer dollars and subject to public scrutiny. While citizens demand a modernized government, they are generally ambivalent about innovation in the public sector, particularly because innovation often involves risk-taking that can lead to significant monetary losses. As a result, the fear of negative media attention and public scrutiny has created a bias toward risk-aversion within government. This fear is exacerbated by the fact that government operates in a fishbowl where its failures are politically difficult to justify.

Unfortunately, the reality is that innovations fail more often than they succeed and that the bolder the innovation, the greater the risk (Altshuler, 1997). As Paul Thomas highlights in his account of “The Changing Nature of Accountability,” the notion of an error-free government is a utopian ideal. By this, he recommends that we accept that mistakes are inevitable and that there are no effective controls that can guarantee success in government programming and policy development.<sup>1</sup> Thus, government should focus on clarifying program goals and developing clearer benchmarks for success; and in the event of failure, it should respond openly, frankly and with courage. Despite Thomas’ insights, concerns with accountability and public scrutiny continue to foster risk-aversion and undermine efforts to reform government.

Above all, there are still major obstacles to technological innovation in the public service that are deeply ingrained in the structure and practices of Canadian government. Perhaps it is cliché, but it has been said that these impediments are 98% management and 2% technology. This implies that technological improvements are effective enablers of change *only* if government bureaucracy, particularly its managerial hierarchy, is ready and willing to adapt to *bona fide* change. Although there are many managers who are committed to creating an innovative government,

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<sup>1</sup> Note that the *we* refers to elected government officials, public servants and Canadian citizens.

they are in a weak position to instigate change because they are hindered by the bureaucracy's rigidity. The critical point to be made is that the obstacles to innovation in government are structural and not the result of human incompetence or reluctance. Keeping this in mind, let us consider the correlates between Max Weber's study of bureaucracy and the organizational obstacles challenging public service renewal in Canada.

### **Organizational Innovations: Developing an Organizational Equivalent to GOL**

In his discussion, Weber identified a tradeoff between organizational efficiency and individual ambition, ownership and initiative. This implies that the structure of bureaucracy, particularly its hierarchy, routinization and impersonality, effectively impedes management and leadership initiatives. In opposition, human resource theorists criticize Weber's structural argument for placing too much emphasis on organizational structure and too little on the humanistic elements that comprise a corporation. They argue that his depiction of the bureaucrat as a mere cog in the mechanism led him to overstate the impact of organizational structure on individual workers and understate the impact of workers on the organization (Kernaghan and Siegel, 1999).

While the human resource argument is compelling, it overlooks the hierarchy and routinization that rigidifies bureaucratic organizations and prevents employees from having any significant impact on the workplace. In view of this, it is difficult to dismiss the notion that the bureaucrat "is only a single cog in an ever-moving mechanism which prescribes to him an essentially fixed route of march" (Weber, 1922). According to the Federal Public Service Employee Survey (1999),

less than half of public servants feel that they are encouraged to be innovative or take initiative, have a say in decisions and actions that impact their work, get help from immediate supervisors or department in determining learning needs or career development support or have had a promotion or believe they have a fair chance of getting one. Only 37% think senior management will try to resolve these concerns (Lowe, 2001, pp. 41-2).

This statement infers a managerial problem that is precipitated by the organizational structure of bureaucratic administration. Thus, before criticizing public sector managers as self-interested and unresponsive, it is important to recognize the administrative and decision-making constraints imposed on them. For the most part, managerial discretion is limited by bureaucratic routinization of day-to-day work. This means that bureaucratic administration relies less on individual managers and more “on habitual ways of doing things and the results of past actions.” Not only does this frustrate managers and employees, but it also constrains how the public service proceeds to operate in the future. (Shafritz and Ott, 1996, p. 367). In view of this, I argue that it is necessary for public sector managers to work collaboratively to change the organizational structure of government.

At the present time, there are only pockets of organizational change and experimentation in the public service, but no overarching federal strategy. As I said earlier, the federal government needs to develop an initiative that is the organizational equivalent of Government-On-Line. The organizational strategy should maintain the traditional values of Canadian public administration (e.g., accountability, efficiency and neutrality) and build on three additional core principles: **(1) Partnerships;** **(2) Empowerment;** and **(3) Leadership.**

Before elaborating, I will briefly highlight how these principles are relevant to the public service. Inter- and intra-departmental **partnerships** foster lateral information sharing among employees of all levels of the government hierarchy. This exchange of information is an important part of building cohesion within the federal public service and minimizing silo management, which can lead to the duplication of work and department-specific policies that do not incorporate the views or expertise of other government departments. Equally important, employee-focused **empowerment** strategies effectively fosters creative thinking, increases morale and facilitates information sharing among both public sector managers and their staff. **Leadership** provides the strategic vision that is necessary for spearheading partnership-building

and empowerment initiatives. And, as a final point, successful implementation of a government-wide organizational strategy that incorporates the principles of partnerships, empowerment and leadership will depend on an unprecedented – yet feasible – organizational shift toward flexible workplace structures.

The next three sections provide department-specific examples to demonstrate the importance of these core principles. Let us begin with an example of partnerships.

### **1. Partnerships**

In June 2000, the Canadian Institutes of Health Research became the primary federal funding agency for health research in Canada. As an affiliate of Health Canada, it was established to replace the former Medical Research Council and revolutionize the Canadian research process. To do so, Health Canada created an organizational model for CIHR, which is structured as a collaborative framework of thirteen virtual institutes. While the institutes have different areas of study (e.g., Aboriginal Peoples' Health, Aging, Cancer Research and Genetics), they share a common mandate and are committed to four common pillars of research: biomedical, clinical science, health systems and services, and population health. Above all, they are committed to fostering partnerships with key stakeholders in the health research community to accelerate the transfer of new knowledge into benefits for Canadians – that is, the institutes work collaboratively to extract social value from new ideas.<sup>2</sup>

Most interestingly, these institutes are not *real* infrastructures in the same way that Health Canada centralizes its work in real, tangible offices and buildings; rather they are *virtual* infrastructures that coordinate researchers in universities, hospitals and research centers across Canada through an Internet portal. The only *real* centralized facility is the CIHR headquarters, which is a small office located in downtown Ottawa.

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<sup>2</sup> Note that this commitment reflects our previous definition of innovation in government. That is, a process through which economic *and* social value is extracted from new ideas.

Overall, a President and Governing Council coordinate the institutes and their activities. The President is responsible for recruiting and retaining highly qualified people into the scientific and management structure of CIHR. The Governing Council exercises overall governance and sets the overall *strategic* direction, goals and policies for CIHR and its thirteen institutes. In doing so, it oversees and evaluates all phases in the development of each Institute – creation, mandate, budgets and plans.

In sum, the Canadian Institutes for Health Research is an internationally innovative model that demonstrates a viable approach to renewing a previously bureaucratic institution through technological and organizational change. Technologically, it operates through virtual institutes; while organizationally, it uses its Internet capabilities to work collaboratively with its key stakeholders to define its strategy and fulfill its mandate. Federal departments can learn from this example by using GOL as a basis to build and sustain mutually supporting partnerships with each other. By working collaboratively wherever possible, departments can effectively sidestep the cumbersome rules and regulations that are entrenched in the bureaucratic structure of government and effectively improve the overall quality and efficiency of the public service.

### **3. Empowerment**

#### **4.**

In *Public Administration in Canada*, Kenneth Kernaghan and David Siegel define empowerment as “a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information.” In the public service, this may require dismantling the bureaucratic structure and adopting, as many private sector organizations have, a flexible workplace that promotes: job enlargement, enrichment and rotation; continuous learning; and information sharing among all levels of employees (Lowe, 2001).

The objective is to make the best possible use of employees' knowledge and skills (Kernaghan & Siegel, 1999). Matching qualifications and skills with job requirements, active employee participation and genuine information sharing between managers and personnel are critical steps in establishing an empowered organization. But this is difficult in the public service where longstanding conventions, such as ministerial responsibility and central agency control, counteract efforts to concede even a small degree of risk-taking and decision-making autonomy among workers (Kernaghan & Siegel, 1999). For this reason, a low-ranking employee (e.g., PM-03 or ES-03) may be assigned to write a briefing note for the Minister, but will not be permitted to attend the meeting in which the note is discussed. Not only is this counter-intuitive, but it is a discrepancy that is demoralizing and disempowering for employees. Above all, it removes any sense of ownership of work processes or pride in the quality of work.

Unlike bureaucracies that are process-oriented, empowering workplaces are employee-driven and recognize that people want work that allows them to advance, improve and develop their potential (Holder, 2000). The difference between these organizational structures can be better understood by distinguishing between delegation and empowerment. The Public Service 2000 Task Force offered the following distinction:

In a command and control management culture, delegation is usually understood to involve handing over tasks to employees who follow guidelines, avoid taking risks and who carry out duties in traditional, sanctioned ways. Empowerment, by contrast, encourages managers, supervisors and employees to try new ways of achieving goals, motivating them to be creative and innovative in improving the service they deliver. Empowerment asks employees to assume responsibility for change and to be accountable for their own actions within an environment, which accepts a degree of risk-taking and acknowledges intent as well as results (Kernaghan and Siegel, 1999, p. 111).

A critical aspect of empowerment is that it increases power in the organization by encouraging employees to share and work together. Human Resources Development

Canada (HRDC) has taken significant steps towards an employee empowerment strategy that fosters partnerships and information sharing between management and new government recruits. The following description highlights the key features of this initiative.

In 1996, the Youth Initiative Directorate of the Human Resources Investment Branch developed the Youth Mandate for Greater Involvement (“Youth Mandate”) initiative. The fundamental objective was to provide young employees at HRDC the opportunity to participate in the development of the Department. Since its creation, Youth Mandate has helped increase the visibility and influence of young employees within HRDC. It has also enabled young employees to obtain information about the Department and become more involved in the development of fundamental projects, such as the Staffing and Reform Initiative, Recruitment and Retention Strategy and Student Orientation Kit.

Overall, the Youth Mandate is effective because it provides a channel for active employee participation and establishes an interactive link between managers and their staff. Together, the Youth Mandate acknowledges that innovation, productivity and morale can be enhanced when employees are given the opportunity to influence the way things are done in the workplace (Altshuler, 1997, p. 3). It also recognizes that new government recruits are, for the most part, disheartened by the rigid bureaucracy and limited autonomy, which prevents them from making a positive contribution to the public service (Lowe, 2001, p. 33).

The initiative to develop the Youth Mandate is exemplary because it shows a genuine attempt to improve the morale of public servants and to facilitate communication between the different levels in the government hierarchy. However, it is only a small step in the right direction. Again, government’s fear of failure becomes a major constraint on organizational innovation; its acute sensitivity to public scrutiny creates a bias for inaction and strong central control agencies to ensure accountability. This concern for accountability and irrational fear of failure effectively hinders efforts to

establish management structures in government that are flexible, creative and empowering. Notably, the implications of hindering these efforts extend beyond the levels of management to affect how efficiently and effectively the rest of the organization operates.

## **5. Leadership**

Earlier, I defined innovation as a dynamic process that is fueled by originality and adventurism. I also said that it is not self-generating or self-sustaining, but that it is a process that demands extensive leadership. For the most part, leadership is fundamental because it secures the organizational efficacy and capacity that is necessary for innovation. It does this through: (1) motivating employees; (2) fostering idea experimentation; and (3) establishing a strategic vision that identifies an organization's values and objectives. Strong leadership is also a necessary imperative for establishing a cohesive, yet flexible, workplace culture that encourages idea experimentation and tolerates "smart failures." At the same time, clear and progressive leadership helps organizations develop, thrive *and* survive crises. Given our previous discussion of risk-aversion in government, it should not be surprising that I put notable emphasis on the role leadership can play in crisis management.

Still, the rigidity and routinization of bureaucracy continue to impede the development of effective leaders in the public sector. In their book, "Vertical Solitude," David Zussman and Jak Jabes summarize their findings on leadership in the federal public service as follows:

Comparing perceived leadership behaviour in the private and public sectors, we were struck by differences in perceived instances of leadership in the two sectors...with regard to DM/CEO leadership, more than 80 per cent of private sector respondents reported that their most senior officers demonstrated leadership to a great or very great extent. The comparable figure for public service managers was 51 per cent (Kernaghan and Siegel, 1999, p. 114).

They also found that there was no organizational culture or organizational perspective that was widely held, even among the senior managers within government. This may be explained by the fact that inter and intra-departmental partnership-building is a relatively new exercise in governmental relations; thus departments still have an inclination to operate in their own vertical silos. However, I speculate that the absence of a common organizational culture in government is primarily related to limited empowerment and decision-making authority among managers. Since both empowerment and authority are vital to effective leadership, their importance extends beyond the level of management to affect the entire public service. This is particularly relevant in terms of initiatives to reform the organizational structure of government. Strong managerial leadership is needed to spearhead government-wide initiatives and establish a common organizational perspective across federal departments.

In recent years, there have been genuine efforts to establish conditions that foster strong managerial leadership within government. Efforts to devolve controls that were traditionally wielded by central agencies to departments have enabled public sector managers to explore innovative ways to address key departmental issues. A primary concern within government is the growing need to develop an effective recruitment and retention strategy. A number of departmental variations of this strategy exist, including the Accelerated Economist Training Program (AETP) that was developed by the Public Service Commission and the Policy Research Development Program (PRDP) that was created by the Policy Research Initiative. Another notable example is the ES Development program, which has been implemented by several federal departments.<sup>3</sup>

Statistics Canada, Health Canada, Finance and Industry Canada have established department-specific variations of this staffing initiative. The Development program is intended to help departmental managers meet their staffing requirements quickly and

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<sup>3</sup> The ES Development programs are designed for recruits that are classified as ES in the Economic and Social Science Services Group.

effectively by bypassing the traditional hiring procedures, as defined by strict Public Service Commission and Treasury Board guidelines. The ES Development program also allows departmental managers to attract highly qualified recruits by offering both monetary and non-monetary incentives, such as extensive job-relevant training and the opportunity for promotion without competition. Overall, the Development program promises new recruits “a simplified career progression through the junior ranks, and opportunities to grow and learn with the organization;” and provides managers greater flexibility and capacity in meeting the recruitment needs in their respective departments.

Human Resource Development Canada is currently implementing an ES Development pilot program in its Strategic Policy. With the exception of Industry Canada, these programs operate according to Public Service Commission guidelines for “Apprenticeship and Professional Training.” Aside from these guidelines, departmental managers are responsible for the implementation and administration of their own ES Development program.

In addition to staffing concerns, there is also a growing need to develop a comptrollership strategy that effectively balances the demand for greater discretionary powers among managers and the demand for accountability. As a basic starting point, the Treasury Board Secretariat has developed a Modern Comptrollership project to increase decision-making powers among managers in the federal public service. The modernization initiative began in 1997 with a group of five pilot departments and grew to fifteen by 2000. Treasury Board espouses Modern Comptrollership as a reform that focuses on the sound management of public resources and effective decision-making.

Traditionally, government comptrollership focused on recording and reporting financial transactions. The modernization initiative is intended to equip managers with integrated financial and non-financial performance information, while ensuring vigorous stewardship of resources and sound risk management. These efforts are

aimed at transforming the way managers and financial specialists co-operate, enabling managers with tools to help prioritize, plan and meet operational goals and to achieve better results. This means that managers and financial specialists will need to work in partnership to replace complex rules and regulations, which constrain flexibility, with simple, well-communicated and properly enforced principles and standards. In the end, Treasury Board hopes to bring greater coherence to existing initiatives and help address managers' specific needs and requirements.

When discussing initiatives like Modern Comptrollership and ES Development Programs, it is important to remember that the task of revamping the organizational structure of government bureaucracy is a considerably lengthy endeavour. With this in mind, also note that these initiatives are still in their early stages of development. However, from the work that has been completed and the amount of support it has received from other government departments, it appears that the Modernization and ES Development initiatives may provide the necessary framework for a federal-wide strategy to reform the organizational hierarchy in government.

Firstly, they recognize that unit managers play a pivotal role in creating workplace innovation. They also recognize that a prerequisite for innovation is a manager that can take a leadership role in initiating change – that is, that has a sizeable degree of autonomy (Lowe, 2001). These organizational initiatives show flexibility and willingness to adjust on the part of Treasury Board, as a pivotal central agency, to empower managers to envision and instigate change in their respective departments. This point is particularly relevant as ideological factors, as I defined earlier, continue to challenge the traditional role of government and its bureaucratic structure. Notably, the role of public service managers is increasingly important as the public service continues to shift its focus from administrative to managerial responsibilities. Thus programs that support strong managerial leadership (e.g., Modern Comptrollership and ES Development programs) are critical for revitalizing the federal and redefining its role in a global and technologically-advanced society. In “Power Failure in Management Circuits,” Rosabeth Moss Kanter suggests that,

[w]hen managers are in powerful situations, it is easier for them to accomplish more. Because the tools are there, they are likely to be highly motivated and, in turn, to be able to motivate subordinates. Their activities are more likely to be on target and to net them successes. They can flexibly interpret or shape policy to meet the needs of particular areas, emergent situations or sudden environmental shifts (Shafritz and Ott, 1996, pp. 401-2).

Both the Modern Comptrollership and ES Development programs demonstrate a commitment to create an innovative government. This is particularly true with the ES Development programs, which allow public sector managers to become leaders in their respective departments. In doing so, these managers can work to establish innovative work environments that offer challenging, meaningful and interesting work, provide their staff opportunities to develop new competencies and promote idea experimentation among all employees. However, despite the fact that these initiatives empower managers with greater decision-making autonomy, these initiatives do not have a mechanism to collaborate and connect department-specific projects into a single government-wide strategy. As a result, there is no common program to reform the organizational structure and processes of government; instead, there are five different ES Development programs and fifteen Modern Comptrollership pilot projects.

## **CONCLUSION**

Government bureaucracies are hierarchical, process-oriented and rules-based organizations that rely on strict adherence to well-defined policies and procedures. That being said, I emphasize that government is not inherently bureaucratic; rather, as I stated earlier, the public service adopted the bureaucratic structure to eradicate patronage and the misuse of public money. While this organizational structure served a purpose at one point in time, it appears that it is no longer an efficient or effective way to organize modern government. With the changing economic, political and ideological environments, we must establish structures and processes of governance that are flexible and adaptable. In response to these changing demands, there have

been genuine efforts to revitalize the public service and establish an innovative government.

Extrapolating from the previous analysis, we can identify three main obstacles to innovation in government. One, bureaucratic administration limits the management and leadership autonomy that is needed to initiate and spearhead change in government. While there are many managers who are committed to modernizing the public service, they are constrained by the rigidity, hierarchy and routinization that is inherent in bureaucracy. To overcome these constraints, we must empower managers with greater decision-making authority and promote strong managerial leadership within the federal public service. In the end, strong managerial leadership and commitment will ensure that the innovation process in government continues to thrive and adapt to future changes in economic, political and ideological environments.

Two, risk aversion is another fundamental constraint on organizational innovation in government. As I said earlier, government's acute sensitivity to public scrutiny creates a bias for inaction and strong central agency control to ensure accountability. In turn, this creates a bias for bureaucratic administration. What is more, this concern for accountability and irrational fear of failure effectively hinders efforts to establish management structures in government that are flexible, creative and empowering. Interestingly, this was not a major constraint on technological innovation. As the Treasury Board highlighted in its "Blueprint" paper, increasing global pressures, including citizen demands, necessitated the use of information technology to renew government services. To a large extent, the public service developed Government-On-Line to avoid being criticized for *not* taking advantage of new technological tools that could effectively improve service delivery.

By comparison, the public is more ambivalent about organizational change in government. Although citizens are critical of the cumbersome nature of the public service and the "red tape" inefficiencies that are generated by its bureaucratic administration, they are also skeptical of decentralizing decision-making authority

and flattening the bureaucratic hierarchy. Bureaucratic administration is familiar and safe, despite its inefficiencies. Alternatively, innovation is risky, particularly in terms of organizational change. The primary challenge for public sector innovators, then, is to balance the demand for accountability and efficiency.

Unfortunately, there is no easy answer to this problem. The accountability-efficiency conundrum will always be a contentious issue within government. My recommendation: Accept that mistakes are inevitable and that there are no effective controls to guarantee success in government endeavors. That being said, we must also acknowledge that there are effective controls to minimize these failures, including partnership-building and employee empowerment strategies that facilitate information-sharing throughout government. Promoting strong managerial leadership can also help establish a flexible and resilient workplace that can effectively develop, thrive *and* survive crises. In short, strong managerial leadership can spearhead and focus the innovation process in government.

By extension, the lack of coordinated leadership and strategic visioning is the third obstacle to modernizing the public service. In other words, successful and sustainable innovation in the federal government depends on the ability to clearly define objectives from a government-wide perspective. An effective approach would be to establish a two-pronged strategy that focuses on technological and organizational change. As I highlighted in the analysis of Government-On-Line, there has been notable success and progress in meeting the technology objectives. The next step, then, is to coordinate and streamline departmental initiatives into a single, comprehensive federal strategy to modernize government by revamping its bureaucratic structure. Above all, this strategy will define a federal objective to create an innovative government that fosters partnerships, empowerment and leadership.

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Nada Teofilovic holds a Bachelors Degree in political science from the University of British Columbia, a Masters Degree in Public Administration from Carleton University and has recently completed an intensive certificate program in International Affairs at New York University. Currently, she works as a policy analyst with Human Resources Development Canada on issues related to immigrants and the Canadian labour market.

[nada.teofilovic@hrdc-drhc.gc.ca](mailto:nada.teofilovic@hrdc-drhc.gc.ca)

1 (819) 997-7094