

# Innovation in the Public Sector:

## *A Review of the New Norwegian Policy for Public Sector Innovation*

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## Abstract

This thesis explores innovation in the public sector at a sectoral-level as there is a perceived need for a more comprehensive public innovation approach – both theoretical and practical – in which the focus is shifted from individual innovations at an organizational level towards innovations at an aggregated level, i.e. system innovation. The purpose is to review the new Norwegian innovation policy for the public sector and subsequently discuss the strengths and weaknesses of the policy. In order to do this, an analytical framework is assembled and applied through a textual analysis of three selected policy documents which constitute the new innovation policy. The analytical framework combines the multi-level perspective from innovation studies with transition management and concepts from the literature on public sector innovation. The key point of the framework is the notion of how co-evolving developments at different levels of aggregation cause societal change. Thus, if one wants to manage system changes in desired directions, this should be done at all of the analytical levels and in the interactions between them.

The analysis of the three policy documents shows that there are developments at all of the three analytical levels from a multi-level perspective, which in turn may imply system changes. The operational part of the policy, however, has a slight bias towards facilitating structures on the expense of measures aimed directly at system innovation. The current design of the policy gives the municipalities the role as innovators whereas the national level is given the role merely as a facilitator. As the policy mainly focuses on facilitating innovations at a local level, innovations at a system-level (i.e. the Norwegian public sector as a whole) are not sufficiently addressed in the policy. In turn, this may hamper one of the overall objectives of the policy which is to find solutions across the entire Norwegian public sector.

The policy is also believed to have potential. One of the strengths that is pointed to is the promotion of *networked governance* throughout the policy. Among other things, this approach makes it possible to tap into resources throughout the public sector, as well as from outside the sector, as a wide range of actors (e.g. users or other social groups) is included in the innovation processes under this governance paradigm. Also, networked governance might represent the “next practice” which is called for in the policy.



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## 1 Introduction

The aim of this thesis is to review the new Norwegian innovation policy for the public sector, and, based on this, to discuss the strengths and weaknesses of the policy. In order to do this, an analytical framework which combines insights from innovation studies and the literature on public sector innovation will be presented. This framework will be applied through a textual analysis of some central policy documents which constitute the new innovation policy.

Since the 1980s, innovation has increasingly been regarded as an important driver for economic and social development. Most of the research within the field of innovation studies has been focused on innovation in the private sector whereas the public sector has been perceived mainly as a facilitator for the private sector. However, during the last decade there has been a growing interest for innovation within the public sector itself, both among academics and practitioners. There are several reasons for this. From a practical point of view, there is a rising pressure for a more deliberate and comprehensive public innovation approach due to some evolving challenges. For instance, citizens and the private sector have rising expectations and demands towards public services at the same time as the sector faces constraints in resources. New or improved solutions are required in order to meet these expectations without an increase in public spending. Also, demographic changes (an ageing population combined with low birth rates) will put pressure on the sustainability of the current welfare models. Lastly, the complexity of the modern society and the increasing global interdependence challenge the traditional way of governing as emerging social, economic, and environmental problems transcend sectors and national borders (Sørensen and Torfing 2010, p. 847). Although innovation already takes place in the public sector, this activity is considered to be of a more accidental and episodic character inadequate of providing a lasting innovation capacity for public organizations (Eggers and Singh 2009, p. 5). Sørensen and Torfing (2011, p. 847) therefore call for “a new innovation agenda that aims to turn innovation into a permanent and systematic activity that pervades the entire public sector”.

From a theoretical point of view, Windrum (2008, pp. 5-9) points out that as a large share of the employment and activity in the modern welfare states takes place within the public sector, the prosperity of a country will depend on innovation in this sector as well. By broadening the scope and viewing the public sector as an innovator in itself, one can enrich the knowledge

base of innovation studies with regards to explain a country's economic and social performance. Also, based on a series of public sector case studies, Windrum (2008, p. 9) provides three additional forms of innovation that, he argues, are understudied in traditional innovation studies, namely conceptual innovation, policy innovation and systemic innovation. He encourages more research on the topic as these forms are not only essential in understanding public sector innovation, but further research on these forms may also provide insights of value for the understanding of innovation within private organizations.

Against this background, one can say there is a need for a more comprehensive public innovation approach – both theoretical and practical – in which the focus is shifted from individual innovations on an organizational level towards innovations on an aggregated level. The multi-level perspective (MLP), from innovation studies, deals with such system innovations as it is developed to understand how changes in socio-technical systems come about. Building on the MLP, Transition Management (TM) provides tools for how to manage such changes in a desired direction.

In the European Union (EU), public sector innovation has been put on the agenda for real through the Innovation Union strategy from 2010, one of the flagships initiatives from Europe 2020. In line with this strategy, the European Commission recently published the first European Public Sector Innovation Scoreboard which is similar to the Innovation Union Scoreboard for the private sector of the member states. In Norway, the first white paper issued on innovation was submitted to the Storting in 2008. Amongst its focus areas was innovation in the public sector. Since then, the attention towards public sector innovation has increased significantly among central actors and a new innovation policy for the public sector has been developed.

The overall objective of this thesis is twofold. First, by combining the MLP with TM and concepts from the literature on public sector innovation, I seek to assemble an analytical framework adapted for the public sector in which innovation processes on an aggregated level are the focus of analysis. Also, an extended taxonomy for public sector innovation will be provided. Second, it is to review the new innovation policy – expressed in the selected policy documents – and subsequently discuss the strengths and weaknesses of the policy. This will be done through a textual analysis of three selected policy documents, in which the analytical framework is applied. In order to operationalize the framework and review the policy, the

following four key questions are derived:

1. What is the rationale behind the new policy?
2. What are the policy's overall objectives?
3. How is the policy's approach to innovation?
4. What are the presented measures in the policy?

The reasons for using these four questions are as follows: Firstly, the rationale behind the policy is likely to illuminate to what extent ongoing external or internal developments are perceived as pressuring challenges for the current Norwegian model in the policy. In the MLP, which is one of the main parts of the analytical framework to be presented in Chapter 3, the extent of such pressure, together with the social-technical system's functionality, will influence how encompassing the change processes in the system will be. This may be reflected in the overall objectives of the policy, i.e. the policy's intended function. Based on the rationale behind the policy and its objectives, one could then expect that the policy aims to promote certain types of innovation (c.f. the taxonomy in section 3.2). In order to illuminate which actors and levels that are considered to be of relevance for innovation processes in the policy, as well as whether the policy promotes more than one type of innovations, the policy's approach to innovation will be examined and the measures presented in the policy will be analysed.

The thesis is structured in the following way: Chapter 2 outlines the empirical background in a Norwegian context, gives a presentation of the documents that comprise the new Norwegian innovation policy and discusses the selection of data and the methodological approach. In Chapter 3, the theoretical framework is described. It starts with a presentation of some conceptual tools from the literature on public sector innovation followed by an account of the Multi-Level Perspective and Transition Management. In the last section of the chapter, links will be made between the frameworks while key terms for the analysis will be emphasized. In Chapter 4, the innovation policy will be analysed and reviewed. Lastly, Chapter 5 contains some concluding remarks.

## 2 Empirical Background and The New Norwegian Innovation Policy

### 2.1 Empirical Background

The Norwegian public sector comprises three governmental levels, namely the central government (including central government agencies at the regional and local level), the county authorities and the municipalities. The public sector disposes about 50 per cent of GDP and the employment in the sector amounts to almost 30 per cent of the Norwegian work force. In turn, 60 per cent of these are employed in the municipal sector which is responsible for and produces a large share of the public goods and services – in particular within welfare (Fimreite and Grindheim 2007, pp. 18-19).

In 2008, the Ministry of Trade and Industry (NHD) submitted the first Norwegian white paper issued on innovation to the Storting, namely Report No. 7 *An Innovative and Sustainable Norway* (Nærings- og handelsdepartementet [NHD] 2008). Innovation in the public sector was among its focus areas and, as a result, a committee was appointed by the government in 2009. As innovation in the health- and care services was given priority in the white paper, the committee's mandate was to examine how innovation can contribute to new solutions in order to meet future challenges within the care services. The committee based its work on the white paper issued by the government on the future care challenges, Report No. 25 *Mastery, Possibilities and Meaning – the Future Care Challenges* (Helse- og omsorgsdepartementet [HOD] 2006). Their final report, Norwegian Official Report 2011:11 *Innovation in the Care Services* (HOD 2011), was submitted to the Ministry of Health and Care Services (HOD) in June 2011. It contributed to draw further attention towards public sector innovation and formed the basis for parts of the current innovation policy.

Although this explicit focus on innovation has come about quite recently, it does not mean that innovation has been absent within the public sector before. Various development- and renewal work, as well as reforms, have been both undertaken and studied alongside the emergence of the modern welfare state in Norway (Ringholm, Aarsæther, Bogason & Ellingsen 2011, pp. 24-30). It might just be that the use of terminology has been different. However, this recent explicit innovation focus may bring about a more systematic and

conscious approach to change processes in the public sector. Also, an important dimension of innovation is that the solutions or alternatives are not known beforehand, in contrast to what may be the case with the traditional development work. In the following section, the three policy documents will be presented.

## 2.2 The Policy Documents

The new Norwegian innovation policy for public sector comprises three documents released in the period 2012-2013. The first document is the Research Council of Norway's (RCN) policy for public sector innovation, namely *Innovation in the Public Sector* (Norges forskningsråd [RCN] 2012). The policy was adopted by the NFR's board in September 2012. The RCN serves both as an advisor for the government on research and innovation policy as well as a funding agency for research and innovation. Also, it functions as a meeting point for actors and interest groups within research and innovation (Arnhold and Mahieu 2012, p. 10).

In April 2013, the second policy document, *New Paths to the Future Welfare. The Government's Strategy for Innovation in the Municipal Sector* (Kommunal- og regionaldepartementet [KRD] 2013) was published. This is the Ministry of Local Government and Regional Development's (KRD) strategy for innovation in the municipal sector. The KRD is responsible for government policy on housing, local government, regional development and the administration of elections.

The last policy document followed shortly after KRD's strategy. It is a white paper submitted to the Storting from the HOD, namely Report No. 29 *Tomorrow's Care Services* (HOD 2013). The HOD is responsible for government policy on health and care services in Norway. It builds on the Norwegian Official Report 2011:11 *Innovation in the Care Services* (HOD 2011), as well as its subsequent public consultation, and lays the foundation for the government's new care service policy.

In the following, the main aims and measures in the policy documents will be briefly described. They will all be analysed in a more elaborated way in Chapter 5. Also, a full overview of all the measures is provided in Appendix 1.

Three main aims are stated in *the white paper from the HOD* (2013, p. 11), namely: i) get knowledge about, find, mobilize and utilize the society's overall care resources in new ways; ii) develop new forms of care through new technology, new knowledge, new professional methods and changes in organizational and physical frames; iii) support and strengthen the municipalities' research-, innovation- and development activities in the field of care.

In the *strategy from the KRD* (2013, p. 8), three overall aims are listed in a text box, namely: i) to develop better services and make everyday life easier for people, for instance by finding solutions across sectors to a greater extent; ii) help to ensure that people can live a good life in smaller or bigger municipalities across the country, with local communities where it is good to live; iii) further develop the welfare society to become even better adapted the needs of the individual and the local community.

The overall aims listed in *the RCN's policy* (2012, pp. 1-2) are: i) to invest research funds in and for the public sector; ii) in collaboration with other actors, enhance the research and researchers' participation in public sector innovation as well as promote the diffusion and use of results; iii) contribute to make the international knowledge development an important part of the research- and innovation activities in the public sector.

In the innovation strategy from the KRD (2012, p. 8), the government presents the following main measures:

- Develop projections which clearly show how the demographics and the labour needs for each municipality are expected to evolve;
- Funding of innovation projects in the municipalities;
- Establish a competency centre for municipal innovation;
- A bilateral agreement between the Government and the Norwegian Association of Local and Regional Authorities (KS) about innovation in the municipal sector;
- Funding of the development of an innovation study program for employees in the municipal sector;
- Enhance the innovation effect of public procurement;
- Further develop ICT-measures and simplification measures aimed at the municipalities;
- Establish an innovation award for the best municipal innovation projects.

In the white paper (HOD 2013, p. 19), the policy's measures are divided into five main headings or programmes:

- Tomorrow's care – Innovation Programme 2020.
- Tomorrow's care service users – with a resource oriented perspective.
- Tomorrow's care community – with a programme for informal care; a national strategy for volunteers; and a policy for nonprofit, cooperative based and private service providers.
- Tomorrow's care service – with a professional restructuring and a greater emphasis on early efforts, ordinary rehabilitation and networking.
- Tomorrow's care surroundings – with a programme for development and implementation of welfare technology and measures for renewal, construction and development of future nursing homes and residential care homes.

In their policy, the RCN (2012, pp. 8-9) has chosen five areas which they will focus their efforts on in an initial phase:

- The knowledge system for public sector innovation. Because it is important to develop knowledge for innovation; about methodology and implementation; innovation competency; the employees' competency and systems for sharing knowledge.
- The municipal sector's innovation challenges. Because it is important to mobilize innovation and develop drivers for innovation in the decentralized public responsibilities; balancing the ratio between local solutions, regional and national standards within the entire remit of the municipalities and the county councils; and to develop the division of labour between the public, the business sector, the civil society and the individual.
- Public planning and infrastructure. Because great societal challenges within climate and environment, civil protection, transportation systems and other infrastructure make it necessary to develop the knowledge basis for policy and public management; promote innovation through new digital, systemic and physical framework conditions for citizens and business; and develop a new practice for public procurement that gives increased innovation.
- Innovation in health, care and welfare. Because it is important to enable all people to live independent lives longer, for example by the use of new, technological solutions, universal design and improved public health; develop better and more efficient

services; and develop better coordination between the different parts of the service system.

- Innovation in educational and upbringing conditions. Because it is important to strengthen the quality in kindergartens; improve the result in the Norwegian school; reduce the number of early school leavers; maintain integration; develop new areas and methods for learning; and improve conditions for upbringing, learning and learning possibilities throughout life.

The aims and measures presented above will be analysed and discussed in Chapter 4.

### **2.3 The Data Selection and Methodological Approach**

The empirical part of this thesis comprises the three policy documents presented in the previous section and a textual analysis of these. When one reviews documents, according to Yin (2009, p. 105) it is important to be aware of that the documents have been written for a specific purpose and for a specific audience. By being constantly aware of the objectives the authors' attempt to achieve, one is “less likely to be misled” by the documents and instead “more likely to be correctly critical in interpreting the contents” of the documents (Yin 2009, 105).

As of today, the three selected documents, together with the Norwegian Official Report 2011:11 *Innovation in the Care Services* (HOD 2011), are the main policy documents launched which explicitly address innovation in the Norwegian public sector. The latter is not included in this thesis' analysis as it is an advisory report delivered to the government and, thus, not an official part of the government's own policy on the matter. However, as already mentioned, the white paper from the HOD (2013) builds on this report and I have therefore used the report as a background document in the work with this study. I have chosen not to conduct any interviews in my study as the three selected policy documents are comprehensive and detailed. Thus, it is not likely that interviews would have added much more to the analysis.



I could have taken a broader approach in my study by including all official documents which mention innovation in the Norwegian public sector. For instance I could have included all of the documents mentioned in section 2.1 in order to illuminate the prelude of the three selected policy documents more closely. However, by confining my study to the selected documents I am able to go more in depth, and, since these are the newest ones make them more relevant.

I could also have compared the new Norwegian innovation policy for the public sector to other countries' policies on the matter. Whether I could obtain these documents in English is although uncertain, and as the topic is still quite new not many countries have yet developed own policies on public sector innovation. Still, Denmark does have one and it is one of the leading countries when it comes to public sector innovation. Nevertheless, due to time limitation and the range of this thesis, in combination with my wish to conduct an in-depth analysis, such a comparative study is not feasible. However, it is a natural continuation of this topic and it calls for more research in which the Norwegian public innovation policy is compared to those of other countries, e.g. Denmark.

In the next chapter, the analytical framework of this thesis is presented.

### 3 Theoretical Framework

#### 3.1 Public Sector Innovation

Up until now, innovation studies have mainly focused on the private sector whereas the public sector has been viewed merely as a facilitator for innovation in the private sector. Given the distinctive features of the public sector this knowledge cannot be transferred directly, but may still contribute to the studies of public sector innovation. In spite of a growing interest for public sector innovation and the recognition of the need for a more comprehensive innovation approach, the field is still nascent.

The public sector makes up a system of diverse public organizations spanning from political structures and institutions to organizations which deliver public and social services such as health care, education and social welfare services. These organizations play different roles in the innovation processes. Windrum (2008, p. 6) lists some examples, for instance: public procurement can be an innovation driver on the demand side and public organizations can be important partners in user-producer development. The sector can also be an innovator in itself, e.g. the development of the internet or the central role of the health sector in developing new medical technologies. Also, important knowledge structures have been developed through public education.

Based on a series of case studies on public innovation, Windrum (2008, pp. 8-10) provides the following taxonomy for innovation in public sector services:

1. *Service innovation* – the introduction of a new service product or an improvement of an existing one.
2. *Service delivery innovation* – new or altered ways of service delivery to clients or ways of interaction with them.
3. *Administrative or organizational innovation* – changes in back- or front office procedures.
4. *Conceptual innovation* – the development of new world views that challenge

assumptions that underpin existing service products, processes and organizational forms.

5. *Policy innovation* – change in thought or behavioural intentions associated with a policy belief system (Sabatier 1987, 1999).
6. *Systemic innovation* – involves new or improved ways of interacting with other organizations and knowledge bases.

Whereas the three first categories – service (product), service delivery and organizational innovation – have been explored within studies of private innovation, Windrum (2008, p. 9) claims that the three latter categories have been “black boxed” and that “this is not an option when studying public sector innovation”. The research which the taxonomy builds on reveals a strong correlation between the three former innovation types at the micro-level, as well as interactions between these innovations and the latter three categories at the macro-level. Also, the different innovation types often take place simultaneously. This, Windrum (2008b, p. 234) argues, indicate that several types of connected innovations may be necessary in order for change to occur and that they all should be considered as important in understanding the drivers and outcomes of the innovation process.

Windrum's taxonomy might be a useful analytical tool when studying public sector innovation. However, I would like to add two further categories which the taxonomy does not adequately capture. The first category involves measures related to *information and communication technology (ICT)* as the taxonomy does not explicitly cover the relationship between ICT and public sector innovation. The last decades, “ICT has been perceived as an important driver for change” (Bekkers, Van Duivenboden & Thaens 2006, p. 3), and it is also an important dimension of public sector innovation. Firstly, ICT serves as technological infrastructure which in turn may facilitate innovation activity and, secondly, the introduction of new ICTs may usually involve many, if not all, of the six innovation types presented in Windrum's taxonomy. For example, smart home technology may enable elderly people to live longer in their own homes, where the alternative would have been to move to a nursery home. With electrical devices, such as fall-sensor monitors; digital thermometers; or medication dispensing devices (i.e. a *service innovation* – the introduction of a new service product), health- and care professionals can monitor an user as they would have done in a nursery home (i.e. a *service delivery innovation* – a new way of service delivery to users). As the

information from a smart home would need to be monitored, processed and possibly responded to, this may in turn lead to *administrative or organizational innovations* within the respective health- and care system. It might also involve a *conceptual innovation*, as the implementation of such ICTs may challenge established world views with regards to perceptions of the users' role or the ethical side of monitoring. If the information is collected in shared platforms, this might also lead to *systemic innovations*, as organizations or actors (e.g. specialized health services and care services) would interact in new ways or share knowledge that they otherwise would not do.

The second category will capture measures that encompass *knowledge development and competency building*. Some examples of the former may be research programmes initiated to illuminate mechanisms which hamper or induce innovation activities within the public sector or the gathering and provision of statistics. The educational system plays an important role in competency building within a country, other examples are on the job training or further education. These measures are not directly innovation themselves, but rather measures that are undertaken in order to facilitate innovation activity. In an innovation system perspective, this will entail enhancing the system structure with regards to knowledge generation as well as the knowledge flow.

### **3.2 Governance Mechanisms**

Hartley (2005, p. 28) points out that whereas managers and employees are seen as innovation drivers in the private sector the political dimension of the public sector (i.e. policy makers and policy advisors) also need to be considered in the innovation process. Three competing governance and public management paradigms have been identified by Bennington and Hartley (2001, as cited in Hartley 2005, p. 29). These are traditional public administration (PA), New Public Management (NPM) and networked governance (NG), and they may each influence the creation and adoption of innovations in different ways. Each paradigm represents different “conceptions and assumptions about the nature of the world, and the roles of politicians, managers and the population” (Hartley 2005, p. 29).

The PA approach dominated from the post-war period until the beginning of the 1980s. It

entails a legislative, bureaucratic and rule-based approach to the provision of public services. Problems and needs are defined by professionals who in turn provide standardized services for the population which is perceived as homogenous and more or less excluded from the innovation process. The citizens' role is referred to as “clients” whereas the one of politicians is referred to as “commanders”. PA entails a top-down approach towards innovation where national and local politicians are the main drivers of innovation. This implies that the policy makers come up with new radical policy frameworks which are implemented by impassive public managers (implies the role as “clerks”). A number of radical innovations were undertaken during this period (Hartley 2005, p. 29).

NPM developed from the 1980s onwards and it is underpinned by ideas from neo-liberal economics and organizational management theory. Hartley (2005, p. 30) argues that the innovations under this regime are “primarily about organizational form and business processes” and that “the extent to which they led to improvements is contested”. Examples of changes are the establishment of executive agencies in central government, the division of purchaser and provider in health, education and local government, and a “customer” role of the citizens. The role of public managers is transformed from an impassive one into a role as “efficiency and market maximizers”, whereas the role of politicians is reduced into one of “announcers of change” (Hartley 2005, p. 30).

The third paradigm, NG, has increasingly come about since 1997 (Newman 2001, as cited in Hartley 2005, p. 30). Instead of governing through hierarchy (PA) or market mechanisms (NPM) the state, according to Hartley (2005, p. 30), “steer action through within complex social systems” (i.e. a networked form of governance). Here, the role of politicians is revitalized into the role as “leaders and interpreters” who “translate new ideas into new forms of action”. Public managers have the role as “explorers” who nurture innovation and seek to increase public value on the behalf of society. Collaboration is emphasized instead of competition and the citizens' role is shifted to “co-producers” of services and innovation. Even though each paradigm may be related to different ideologies or historical periods, they will not succeed each other but rather coexist and compete with each other. Different contexts or circumstances will evoke behaviours and decisions based on one or the other paradigm. Hartley (2005, p. 29) emphasizes that it is “not a normative framework, because each conception has both strengths and weaknesses for society”.

### 3.3 The Multi-Level Perspective

The multi-level perspective (MLP) is an analytical framework developed to understand changes in socio-technical systems. It builds on insights from evolutionary economics, sociology of technology, history of technology and innovation studies (Geels 2005, p. 683). Instead of focusing on particular innovations, change processes at an aggregated level (i.e. the sectoral) are the focus of analysis (Markard and Truffner 2008, p. 596). In order to turn the current public innovation activity into a more pervasive and systemic one, changes above the organizational level will be required. Thus, the MLP framework can be useful as it provides insights of how such system changes occur.

Geels and Kemp (2007, p. 442) define socio-technical systems as systems “made up by a cluster of elements, involving technology, science, regulation, user practices, markets, cultural meaning, infrastructure, production and supply networks”, which through these elements fulfil societal functions such as transportation or energy supply. Both the actors on the supply-side (e.g. firms, research institutes, policy makers) as well as the demand-side (e.g. users, interest groups or media) are involved in creating, maintaining and refining the systems. According to Geels (2004, p. 902), “the advantage of looking explicitly at social-technical systems is that the co-evolution of technology and society, of form and function becomes the focus of attention”. The emphasis on how innovation and technology are co-evolving with society relates to the SCOT approach from science and technology studies (Pinch and Bijker 1984). The notion of social-technical systems builds on the one of sectoral system of innovation (SSI) approach (e.g. Malerba 2005) and, thus, the system perspective within the field of innovation studies (Geels 2004, p. 898). What differentiates it from SSI is that it is widened to also include the demand side (users of innovations) in addition to the supply side (innovations). This makes it a more functional approach. Whereas SSI focuses mainly on the development of knowledge, the social-technical system entails a focus also on the use and functionality of innovations. Thus, the fulfilment of societal functions is central (Geels 2004, p. 898).

The main concept of the MLP is technological or *socio-technical regimes*. Rip and Kemp (1998, as cited in Geels and Kemp 2007, p. 443) defined technological regimes as:

the rule-set or grammar embedded in a complex of engineering practices, production process technologies, product characteristics, skills and procedures, ways of handling relevant artefacts and persons, ways of defining problems; all of them embedded in institutions and infrastructures.

This entails an emphasis on rules in explaining differences in sectoral innovation patterns, i.e. how rules define innovative activities (Kemp, Rip and Schot 2001, pp. 272-273). Geels (2002, p. 1260) widened the term into socio-technical regimes in order to make it clear that also scientists, users, policy makers and societal groups, in addition to engineers and firms, are considered to influence innovation patterns. The activities of these social groups are aligned through interaction and network formation between the groups. Actors within these social groups share a set of rules, or regime, which guides and orients the groups' activities as they maintain and refine the elements of social-technical systems (Geels and Kemp 2007, p. 442). Thus, changes in regimes may cause system changes.

Three dimensions of rules can be distinguished: regulative rules (e.g. laws or formal rules), normative rules (e.g. values, norms or role expectations) or cognitive (e.g. belief systems or paradigms) (Smith 1995, as cited in Geels 2004, p. 904). Since the different groups share different rules, Geels (2004, p. 905) distinguishes between different regimes, e.g. technological regimes, policy regimes, science regimes, financial regimes and societal or user regimes. There are linkages between these regimes which in turn help to explain the alignment of the groups' activities. It is this meta-coordination socio-technical regimes refer to. Social-technical regimes encompass only those rules that are aligned to each other and not the entirety of other regimes (Geels 2004, p. 905).

As both the functions and the activities of the public sector are governed by numerous sets of regulative rules as well as normative and cognitive ones, this emphasis on rules in explaining differences in sectoral innovation patterns can prove to be useful in a public sector context. The social-technical regime can be used as an analytical tool to map and describe the various regimes in the public sector and, in turn, explain how these influence the innovation activities. Socio-technical regimes constitute the meso-level in the MLP. The regimes provide stability for socio-technical systems due to the alignment of activities of relevant social groups. It is stressed that this stability is a dynamic one. This implies that innovation still occurs, although in an incremental form, and that a socio-technical regime serves as a selection and retention environment where some activities are enabled while others are constrained (Geels 2002, p. 1260, Geels and Kemp 2007, p. 443).

When it comes to radical innovations, these are assumed to be generated in *niches*. According to Geels and Kemp (2007, p. 443), niches serve as “incubation rooms for radical novelties, shielding them from mainstream market selection”. As the selection criteria within a niche will differ from those within an established regime, the niche may offer protection and “provide space for learning processes and the build-up of social networks that support the new innovation and invest in its development”. Niches constitute the micro-level in MLP and interact with the established regimes at the meso-level, within a *socio-technical landscape* which in turn constitutes the macro-level in MLP. The latter refers to the external surroundings which the actors cannot influence directly. It is “heterogeneous and may include aspects such as economic growth, broad political coalitions, cultural and normative values, environmental problems and resource scarcities” (Geels and Kemp 2007, p. 443).

The key point of MLP is that changes in a social-technical system, i.e. system innovation, emerge from the interaction between processes at the different levels and “there is no simple cause or driver in transitions”, instead “dynamics at different levels should come together and reinforce each other” (Geels and Kemp 2007, pp. 443-444). Geels and Kemp (2007, p. 445) differentiate between three dimensions of change, or change processes, namely transition, reproduction and transformation. The change process of *reproduction* involves only dynamics at the regime level, not at the other two. It refers to the stability provided by regimes which results in certain innovation patterns and incremental innovation along trajectories. *Transformation* refers to interactive dynamics at the regime and landscape level while niches have little influence. In this process, changes at the landscape level press the regime to redirect its innovation activities. The change of direction happens through adjustments in the regime rules that align the activities of the regime actors. This redirection does not happen automatically but “through negotiations, power struggles and shifting coalitions of actors” (Geels and Kemp 2007, p. 445). Lastly, the change process of *transition* entails the shift from one socio-technical system to another or a shift to a new trajectory, and involves interaction between all the three levels (i.e. landscape, regime, niche level). Like in a transformation process, developments at the landscape put pressure on the regime. However, the regime actors in this scenario are not capable of solving these arising problems through mere adjustments of the system. This leads to “a window of opportunity” for new innovations that are developed at the niche level. An innovation might break through with the replacement of



the exciting system as a result (Geels and Kemp 2007, p. 446).

According to Geels and Kemp (2007, p. 454), an analysis merely from an actor perspective (i.e. micro-level) or a regime perspective, will not be sufficient in explaining system changes. System innovation involves interactions between these levels which in turn are embedded in an external social landscape. Each level will be influenced by, as well as influence, developments on the other levels. This, as well as the emphasis on co-evolution of innovation and society, entails a non-linear rather than a linear view of the innovation process. Kline and Rosenberg (1986, as cited in Fagerberg, 2005, p. 8) introduced the concept of “the linear model” in order to characterize a common – although in their eyes a flawed – view on innovation. In this linear view, innovation is perceived as a process of subsequent stages which starts with research followed by development, then production and marketing. Thus, research is viewed as the main source of innovation in this perspective whereas other important factors, such as feedback mechanisms or user experiences, are neglected (Fagerberg 2005, p. 9).<sup>1</sup>

### **3.4 Transition Management**

Since the beginning of the 2000s, Transition management (TM) has emerged in the Netherlands as a model for how to deal with complex societal problems and manage the transformation of societies in a sustainable direction. Rotmans, Kemp and Van Asselt (2001, p. 16) define a transition as “a gradual, continuous process of change where the structural character of a society (or a complex sub-system of society) transforms”. It is based on research from the interdisciplinary field of transition studies, which builds innovation studies, history, ecology and modelling, sociology, psychology, governance studies and political science, as well as the practice of TM in the Netherlands, UK and Belgium (Loorbach and Rotmans 2010, p. 1). TM provides both an analytical framework for explaining ongoing change processes in society as well as methods on how to model such processes. I have chosen to use the MLP as an analytical framework for my study as it is more directly tied to innovation studies and, thus, the focus here will be on the operational part of TM. Also, the

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<sup>1</sup>Parts of the previous sections are based on a preparatory assignment for this thesis. The preparatory assignment has not been published and is written by the author of this thesis.

TM approach builds on the MLP and the notion of how co-evolving developments at different levels of aggregation cause societal change. TM operationalized entails the managing of activities at the different levels and the interactions between them. The approach favours governance rather than traditional top-down government and market dynamics approaches for managing transitions of societal systems (Kemp, Loorbach and Rotmans 2007, pp. 1-5, Loorbach 2010, pp. 162-163).

The TM framework identifies four different groups of governance activities which are based on actors and their activities as they deal with complex societal issues, namely strategic (at system level), tactical (at sub-system level), operational (at niche level) and reflexive activities (Loorbach 2002, as cited in Loorbach 2010, p. 168, Loorbach 2007, pp. 104-111). From these, systemic instruments are derived in order to influence and model these activities in a desired direction.

The first type of instrument, the *transition arena*, is derived from the strategic activities which includes long-term thinking, problem definition, the processes of vision development and collective goal and norm setting. The arena is “a small network of frontrunners with different backgrounds” functioning as a deliberative forum where the participants’ “various perceptions of a specific persistent problem and possible directions for solutions” are sought to be aligned (Loorbach 2010, p. 173). The key point is that the participants are chosen on the basis of their personal competence and interests and not as mere representatives for their organizations. The idea is to create an arena for “innovative individuals” who are outside “the existing establishment and interests (incumbent regime)” (Loorbach 2010, p. 174) in order to make space for innovative solutions as well as “novel coalitions and consensus decisions” (Kemp, Loorbach and Rotmans 2007, p. 5).

The visions developed in the transition arena, should be translated into a common *transition agenda*, encompassing objectives and various transition paths, in order to “find root within various networks, organizations and institutions” (Loorbach 2010, p. 175). This is the second instrument, derived from the tactical activities. Loorbach (2010, p. 175) explains transition paths as “routes to a transition image via intermediate objectives, which, as they come closer, can be formulated more quantitatively”. The focus at this tactical level will be on structural, or regime, factors (e.g. regulations, consumer routines or economic conditions) that may

hamper the development of the desired direction. This phase will entail negotiations and tensions as the networks and organizations start to adapt their activities and short-term policies to the transition agenda. If necessary, the desired direction might have to be reviewed at the strategic level (Loorbach 2010, p. 176).

The third instrument, *transition experiments*, are carried out on the micro level and aligned to the overall vision and transition objectives. The actors at this level try out new solutions and create innovations (e.g. new rules or services). These might not succeed, but if they do the innovation can be diffused to other contexts and by time be scaled up to the meso-level (Loorbach 2007, p. 109, Loorbach 2010, p. 176). At this operational level, TM seeks to connect and align the various innovations both in order to use them as showcases for the possibility of the wanted change in structure and culture, as well as to provide “a breeding ground for new practices to develop into shared routines and scale up into institutionalized routines and regime-structures” (Loorbach 2007, p. 110).

The last instrument, *monitoring and evaluation*, is derived from the reflexive activities. The monitoring and evaluation should be undertaken continuously from the start within every phase and level of the managed transition process. This is done both in order to refine activities and in regards to responsibilities, but also in order to ensure the diffusion of the new knowledge generated, as well as to “stimulate to a process of social learning that arises from the interaction and cooperation between different actors involved” (Loorbach 2010, p. 177).

The instruments make up the transition management cycle which is a cyclical process model serving as a basis for the implementation of TM (Loorbach 2010, p. 172). Loorbach (2010, p. 172) stresses that the cycle is merely a visualization of “the need to connect activities and presents some possible logical connections but does not suggest a sequential order of activities”.

### **3.5 Key Concepts for the Analysis in the Thesis**

In the following section, some key aspects of the innovation process in a public sector context will be highlighted from the perspectives presented above.

Firstly, the MLP builds on a **systemic notion of innovation** as it emphasizes the co-evolution of innovation and society. Such a systemic approach entails a non-linear view on innovation and the inclusion of a wide range of actors in the innovation process. For public sector innovation, this implies that not only politicians and public employees influence the innovation process but also other actors, such as societal groups, private firms or citizens, will be of relevance.

Secondly, in MPL, change processes at the sectoral level, i.e. **system innovations**, are the focus of analysis. I will argue that this system innovation approach, as presented in the MLP and TM, is similar to three of the innovation categories Windrum (2008, p. 8) provides for the public sector, namely conceptual innovation, policy innovation and systemic innovation. For instance, they are similar in terms of involving alterations of world views and behaviour based on (policy) belief systems, the introduction of new objectives or strategies, the emphasis on social learning, and how interaction between actors are done in a new or improved way. The three categories from Windrum's taxonomy also involve processes on the sectoral level rather than on the micro level. Windrum (2008, p. 9) argues that these three innovation types are crucial for studies of public sector innovation. As a consequence, “within these system innovations”, according to Kemp and Loorbach (2006, p. 107), innovations will take place at the micro level “in terms of product, process and project innovations”. These are equivalent to the three other categories of innovation in Windrum's taxonomy, and also Windrum stresses how innovations on the micro and macro-level are interconnected and simultaneous (Windrum 2008b, p. 235).

This leads to a third key dimension of the innovation process in the MLP, namely the notion of how system changes depend on **developments on multiple levels**. At the core of MLP is the idea of how socio-technical regimes at the meso-level shape the innovation activities of socio-technical systems along trajectories. Given the political dimension of public sector, **policy regimes** will be of particular interest in this context. Bennington and Hartley (2001, as cited in Hartley 2005, p. 29) identify three types of such policy regimes, namely traditional public administration (PA), New Public Management (NPM) and networked governance (NG). These are coexisting and competing with each other, and they will each influence the innovation process in their own ways.

As the socio-technical regime aligns the activities of the social groups in its related social-technical system, only incremental innovation is believed to take place. Novelties and radical innovation are therefore perceived as taking place on the micro-level, i.e. in **niches**, where this activity is more shielded and not so constrained by the dominant regime. In a public sector context, the local level represents this micro-level where such bottom-up processes may be generated in response to special local features. In order for these innovations to be of a radical character rather than an incremental one, a certain degree of local autonomy is presupposed. External pressure from **developments on the macro-level**, i.e. in the socio-technical landscape, may cause instability in the regime. If this instability is encompassing enough, it may lead to openings for already existing novelties on the micro-level to break through, or, spur the development of new innovations. In a public sector context, the latter may be done deliberately through the establishment of pilot projects, i.e. niches, on the local level. In turn, this may lead either to a transformation of the existing system or to a transition into a new system. Thus, if one wants to manage system change in desired directions, this should be done at all of the analytical levels and in the interactions between them. The TM approach builds on this notion. It provides management tools for how to model the directions of developments through certain activities on all the analytical levels.

In the analysis in Chapter 4, the extended taxonomy will be used as a tool in order to categorize the different types of changes – expressed through aims and measures – which the innovation policy seeks to attain. In this way, it can be illuminated whether the policy promotes more than one type of innovations, as well as innovations at the different levels. For measuring of the latter, also the analytical levels from the MLP will be used as tools. This will be of relevance since system changes are assumed to depend on interaction between processes at different levels in a MLP. Innovations of category 1-3 are assumed to occur at the niche-level while innovations of category 4-6 to entail alterations at the regime-level. Also, the concept of the three policy regimes will be used to categorize the measures presented in the policy. For instance, the PA approach often involves measures as legislations or regulations, whereas the NPM approach emphasizes the use of markets mechanisms such as contracting-out services. The NG approach would typically involve the establishment and management of arenas that facilitates interaction and collaboration between relevant actors. As the three regimes are assumed to have different effects on the innovation activity, it will be of interest to illuminate what type of regime the various policy measures reflects.

## **4 A Review of the New Innovation Policy for the Norwegian Public Sector**

In the following chapter, the new innovation policy for the Norwegian public sector will be analysed and reviewed. Firstly, in section 4.1, the rationale behind the new policy will be analysed. This will be of interest since it is likely to illuminate whether, or to what extent, the incumbent regime actors perceive ongoing external or internal developments as pressuring challenges for the current system (i.e. the Norwegian public sector). Also, it may in turn entail their assessment of the system's current capacity for dealing with these challenges. In the MLP, the extent of pressure due to exogenous or endogenous developments, together with the system's functionality, will influence how encompassing the change processes in a system will be (i.e. reproduction, transformation or transition of a system). This may be reflected in the overall objectives of the policy, that is, the intended function of the policy which will be analysed in section 4.2. Based on the rationale behind the policy and its objectives, one could then expect that the policy aims to promote certain types of innovation. In section 4.3, the policy's approach to innovation is examined while the measures presented in the policy are analysed in section 4.4. The intention is to illuminate which actors and levels that are considered in the policy to be of relevance for innovation processes, as well as whether the policy promotes more than one type of innovations. In the last section of this chapter, the findings will be summed up and the strengths and weaknesses of the policy will be discussed.

### **4.1 The Rationale Behind the New Policy**

All of the three policy documents point to some overall societal developments that are challenging, or will challenge, the functionality and sustainability of the current model and, hence, as reasons for launching an own innovation policy for the public sector. Also, some internal conditions within the public sector are given as reasons for developing the policy. Changes in demographics stand out as a main challenge as all of the three policies emphasize and elaborate on this (KRD pp. 45-46, RCN pp. 1-16, HOD 2013, p. 14). The number of persons of the age 67 or older will be doubled in the period up until 2050 (HOD 2013, p. 40) and as the birth rates have decreased, the share of elderly in the population will increase. Also, they point to an increase of younger users of the health- and care services. Together, this is

believed to put a pressure on the health- and care sector if the current organization and level of services are to be maintained. Firstly, because the public expenditure will rise, both in terms of the financing and expansion of services as well as pension payments, at the same time as the increase of elderly in the population will lead to a decrease in tax revenues. Secondly, there will be a lack of manpower both in terms of professionals and volunteers. In the KRD's strategy (2013, pp. 45-46), rising expectations from the citizens are also one of the main challenges pointed to. Their expectations to the quality and availability of the public services are believed to have altered as the welfare system has evolved.

In their policy, the RCN (2012, p. 5) also points to globalization and climate change as developments that require a new and more efficient way of governing. Connected to this are two of the main challenges emphasized in the KRD's policy (2013, p. 45), namely unexpected events and so-called “wicked issues”. Given examples of the former are the shutdown of businesses of essential importance for a local community or minor and major natural disasters. The latter refers to challenges that “cannot be solved by doing more of what one is already doing” (KRD 2013, p. 45). They are further explained as challenges which transcend sectors and governmental levels with complex causal connections and unknown solutions. Examples given are the challenges with regards to environmental concerns combined with the goal of economic growth, public health or social exclusion. Another main challenge mentioned in this strategy is attention from the media. The reasoning behind it is how the media can set the agenda and “to an increasingly extent demand flawless services without deviations from the politicians, the administration and the service providers” (KRD 2013, p. 45). In the white paper from the HOD (2013, p. 15) the internationalization of the market for personnel, service providers, patients and users is pointed to as one of the main challenges, yet also as possibilities.

All of the above mentioned challenges refer to developments in the public sector's surroundings on a macro-level, i.e. in the social-technical landscape from a MLP. Demographical changes, rising expectations due to increased wealth in the Norwegian society in general, globalization, climate change, unexpected events, media attention and increased internationalization are all factors that the actors in the Norwegian public sector cannot influence directly. The “wicked issues”, however, can interpreted narrowly be internal developments in the public sector, as sectors and governmental levels referred to can be sub-

sectors within the Norwegian public sector (e.g. health- or educational sector) and governmental levels within Norway (i.e. local-, county- or central authorities). In this view, it will refer to developments at the regime-level. Interpreted more broadly, it can also refer to sectors outside of the public sector (e.g. the business- or manufacturing sector) or international levels of authority (e.g. signed international treaties) and, thus, developments in the social-technical landscape. Either way, “wicked issues” are perceived as a reason to enhance the public sector's innovation efforts.

The remaining main challenges pointed to in the policy documents are conditions within the public sector itself, i.e. at the regime-level. In the white paper from the HOD (2013, p. 14), the lack of coordination and medical follow-up within the health- and care services, as well as the lack of activities and coverage related to psychosocial needs, are pointed to. The last main challenge mentioned in the KRD's strategy (KRD 2013, p. 45) is “productivity requirements”. This entails the municipalities' continuously assessment of whether they exploit the resources they manage on behalf of the community in the most efficient way.

**Table 1. Main Challenges**

	<b>The RCN's Policy</b>	<b>The KRD's Strategy</b>	<b>Meld. St. 29 (2012-2013)</b>
<b>Macro-level: Developments in the social- technical landscape</b>	Changes in demographics Globalization Climate change	Changes in demographics «Wicked problems» Rising expectations from the citizens Attention from the media Unexpected events	Increase in new, younger user groups Increase of elderly with the need for help Scarcity of volunteers Scarcity of health- and care personnel Internationalization of the market for personnel, service providers, patients and users
<b>Meso-level: Dynamics in the regime</b>		«Wicked problems» «Productivity requirements»	Lack of coordination and medical follow-up Lack of activities and coverage related to psychosocial needs



In this section, the intention has been to analyse the rationale which the policy builds on. First and foremost, changes in the social-technical landscape are stressed in the policy. Altogether, the developments are perceived as challenging to the current system's sustainability and functionality. First of all, the developments are expected to result in a decrease of the system's resources (e.g. human resources, tax revenues and physical infrastructure) combined with an increase of demand (e.g. more users and higher expectations to the services). Moreover, the developments are perceived as making the society more complex to govern (e.g. globalization and “wicked issues”). Hence, more resources and new and more efficient ways of governing are called for in the policy. The way the challenges are described in the policy implies that mere reproduction of the current innovation pattern will not be sufficient in order to deal with them. In the next section, the policy's overall objectives will be analysed. The intention is to examine what type of changes the policy seeks to attain.

## **4.2 Overall Objectives of the Policy**

Based on the presentation of the main aims in Chapter 2, the overall objectives of the policy documents will be analysed in this section.

The policy launched in the white paper from the HOD (2013, pp. 14-31) aims to show a different path to increased efficiency than traditional austerity measures and market mechanisms. Instead, the idea is to meet the future challenges (c.f. section 4.1) through innovation, as they require new methods and solutions rather than to merely prolong the current trends and developments. In order to do this, the policy points to a need for enhancing the municipalities' innovation capacity. Today, there are too few innovation measures aimed at the municipal sector, and there is a need for a framework and measures which legitimize innovation in the sector as well as enable the municipalities to try out new solutions when faced with complex challenges (HOD 2013, p. 20). Also, the society's overall care resources shall be utilized and new forms of care shall be developed (e.g. through new technology or changes in organizational frames) (HOD 2013, p. 11).

In the strategy from the KRD (2013, p. 8) innovation is pointed to as necessary to pursue in order to meet the challenges ahead, as well as how it can contribute to the country's overall

prosperity in general. With this strategy, the government wants to promote an innovation culture and motivate for innovation activity in the municipal sector, as well as look into the framework conditions for municipal innovation. Innovation shall be an integrated part of public organizations and a continuous activity. Also, the experiences must be disseminated in a more systematic way than they are today.

In its policy, the RCN (2012, pp. 1-2) also emphasizes the need to enhance the current innovation capacity in order to deal with the future challenges. However, in contrast to the two other policy documents, reasons why the current innovation activity is insufficient are given and elaborated on. Some current weaknesses are pointed to, for instance that the systems for sharing results and to diffuse trials into general practice are still deficient, more systematic and holistic approaches across sectors and levels are needed, and the connection between research and innovation is too weak (RCN 2012, p. 4). Furthermore, the current municipal innovation activity is believed to be too small-scale and more about improving the current practice and solving ongoing challenges on the expense of long-term strategic thinking. To develop a “next practice”, and not merely “best practice”, will require practice-based knowledge, a great research effort and the use of new technologies or organization models. Therefore, the RCN points to the need for developing the overall innovation system for the public sector.

All of the three documents point to the need for enhancing the innovation capacity. In a way one can say that the policy's objective is twofold, as it is both about dealing with the future challenges and, in order to do this, enhancing the innovation capacity. More specifically, it aims to tap into resources outside of the public sector (HOD 2013, p. 11) and to develop a new practice. Examples of the latter are how the white paper aims to show “a different path to increased efficiency” (HOD 2013, p. 14) and the RCN mentioning the development of a “next practice” (RCN 2012, p. 12). Furthermore, the public sector's innovation system shall be developed and enhanced. These objectives are adequate to the call for more resources and new and more efficient ways of governing, c.f. section 4.1. They also imply a desired break with the Norwegian public sector's current innovation pattern. Thus, the intended function of the policy opens for change processes that are more encompassing than merely reproduction, that is, it opens for system changes.

In the two following sections, the policy's approach to innovation is examined and its measures are analysed. This is done in order to illuminate what actors and levels the policy considers to involve in the innovation processes, as well as whether the policy promotes more than one type of innovations. From a MLP, a various range of actors, as well as interaction between innovations at the different analytical levels, are perceived as necessary in order to attain system changes.

### **4.3 The Policy's Approach to Innovation**

The purpose of this section is to examine more closely how innovation is approached in the policy. This may be expressed in different ways within the policy documents. Firstly, all of the three documents include an own section in which innovation is defined and discussed explicitly. Secondly, the policy contains sections in which the conceptual basis for the policy is explained. This applies in particular to the white paper from the HOD as well as the strategy from the KRD. Although innovation might be referred to more implicitly, these sections may also include considerations regarding the roles of the various actors or what levels to include in the innovation processes. In the following, a brief analyse of the explicit innovation accounts within the policy documents will be given. Then, the conceptual basis of the policy will be further analysed and discussed.

The RCN (2012, p. 2) defines innovation as “new or substantially improved goods, services, processes, organizational forms or marketing models which are utilized in order to attain value creation and/or social benefits”. Some examples of value creation within the public sector are listed, namely increased quality, increased efficiency and productivity, increased satisfaction among employees, users, patients and relatives. It is pointed to how research may contribute to innovation in forms of new knowledge, a broader understanding and increased professional competency. At the same time it is stressed that research will not be necessary in all innovation processes. In an innovation context, the value of the research will be assessed in terms of the possibilities for value creation and increased social benefits. The RCN will focus on the innovation processes in which research plays an essential part. In addition, according to the RCN (2012, p. 3), the work on innovation within the public sector encompasses the interplay with nonprofit organizations, private businesses, self-employed,

users organizations, and the users themselves.

In the KRD's strategy (2013, p. 10) innovation is defined as “the process of developing new ideas and realizing them so that they give added value to society”. Better solutions within elderly care and better communication with the citizens are given as examples of “added value”. Further, a distinction is made between ordinary realignment and innovation. The former is explained as entailing incremental alterations of existing routines while the latter as substantial changes in work methods or the performance of services. What elements to include in an innovation process (except from municipalities) are not particularly discussed in this chapter of the strategy, although it is mentioned how research may contribute to innovation.

In the white paper from the HOD (2013, p. 120), innovation is described as:

- known or new knowledge which is combined in a new way or used in a new context
- ideas translated into a better practice that creates added value
- enterprising, daring and experimental in its form
- a way to deal with tasks – a culture
- a process where the result is not known in advance

Furthermore, it is stated that innovation is not an aim itself but rather a means to increase the service quality and a new, systematic approach to create the solutions of tomorrow. It is believed that the innovation activities within the health- and care services must be undertaken as a part of a holistic commitment to innovation throughout the public sector. The solutions are to be found in the “gaps” between the governmental levels, between the health- and care services and the other municipal sectors, and between the municipalities, businesses, the local community and research- and education communities. Some drivers for municipal innovation are pointed out, for example leadership (includes both politicians and managers), local democracy (i.e. a municipality as both an administrative unit as well as a local community), users and civil society (HOD 2013, pp. 120-125).

Traditionally, the municipalities have fulfilled their functions by leveraging resources within their own organization. With the new policy, however, the government wants to utilize the

society's overall resources (HOD 2013, p. 19). First of all, the citizens are pointed to as a resource which ought to be mobilized, particularly the receivers of welfare services. Rather than seeing them as passive receivers of services, the focus should be on what possibilities the users themselves have for participating in the planning and producing of the services. Also, the term “fellow citizenship” (“medborgerskap”) is used and discussed in the white paper. “Fellow citizenship” entails more than just the citizens' consumption of public services. It also entails co-production and cooperation between the welfare state and citizens around the maintenance and development of the welfare state (HOD 2013, p. 49). In addition, the future generation of elderly will have better health and more resources in form of higher education and better economy. Thus, they should be involved in community work as active cooperation partners, the same way as other age groups should be (KRD 2013, p. 21, HOD 2013, p. 55). Volunteers are another potential resource, in terms of being a valuable supplement to the public services, which is recognized in the policy, whereas nonprofit organizations are seen as pioneers in the work on creating new services and solutions (KRD 2013, p. 49, HOD 2013, pp. 66-71). The private sector is also believed to play a part in innovation processes within the public sector in terms of a supplier role, for instance through the supply of building stock, technology and housings (HOD 2013, p. 21, KRD 2013, p. 26).

The importance of leadership is also stressed in the policy as well as the involvement of the employees in innovation processes (HOD 2013, p. 123, KRD 2013, pp. 24-26).

It is pointed to that these resources are not new, but the systematic involvement of different actors in the designing and production of services is. In turn, new solutions can be attained (HOD 2013, p.19). In order to involve and utilize all of these resources, a stronger emphasis on the use of networks, interdisciplinary cooperation, prevention, early efforts and rehabilitation is perceived as needed (HOD 2013, p. 21).

Altogether, the parts of the policy documents which outline the conceptual basis of the policy clearly reflect the NG approach on the expense of the PA- and the NPM approach. For instance, the citizens are viewed as a resource that should be involved in innovation processes rather than passive receivers of services (i.e. the PA approach) or mere consumers (i.e. the NPM approach) (HOD 2013, p. 49). Also, there is an emphasis on how cooperation and the use of networks can generate more resources whereas hierarchies (PA) or competition through market mechanisms (NPM) are not mentioned at all. Furthermore, rather than imposing solutions already defined by politicians on the top-level (PA), the new solutions are believed

to be found through interaction between relevant social groups. In this way, these parts of the policy are in line with the transition management (TM) approach which favours governance rather than traditional top-down government and market dynamics approaches, c.f. section 3.3. In the next section, the measures presented in the policy will be analysed.

#### **4.4 The Measures Presented in the Policy**

In Chapter 2, the policy's main aims were presented. As the three policy documents contain a large number of measures, only a selection of these will be presented in this section. Moreover, the selected measures will serve as examples for some main categories that stood out through the analysis work. A full overview of all the policy measures is provided in Appendix 1.

A significant part of the policy involves *measures related to knowledge development and competency building*, especially in the RCN's policy. In their policy, the main focus is to develop more knowledge and to enhance research linked to their five focus areas (c.f. section 2.2). These measures are both quite general (e.g. “enhance research on public sector innovation” [RCN 2012, p. 10]) and more specific (e.g. “enhance research and innovation that improve the coordination of the NAV-system and the health sector” [RCN 2012, p. 18]). Furthermore, the RCN wants to increasingly involve various actors in the research processes. For instance, they will make clearer requirements for user-participation in applied research projects, enhance interdisciplinary and inter-sectoral orientation in research, and develop models for increased participation of public entities and end-users in the research on ICT. Also the Innovation Programme 2020, which is presented in the white paper (HOD 2013, pp. 129-132), entails mainly measures related to knowledge development and competency building. An example of competency building is the development of an innovation study programme for the municipal sector presented in the KRD's strategy (2013, p. 33). This is referred to in the white paper too (HOD 2013, p. 131). Furthermore, there is an emphasis on the systems for dissemination of knowledge and diffusion of innovation projects within the policy. The clearest measure is the national competency centre, suggested in the strategy from the KRD (2013, p. 31) as well as in the white paper (HOD 2013, p. 116).

The policy includes *measures related to ICT*, both in terms of facilitating ones as well as those which involve direct innovations. For instance, the RCN (2012, p. 14) will “stimulate the development of new ICT-solutions between public entities and across the sectors”, and, “contribute to development of new services by using ICT in close interaction with the users of the services”. The former measure is about technological infrastructure, which in turn may lead to innovations of type 1-6, while the latter is specifically aimed at developing new services, i.e. *service innovation*. The government provides financial support to the KS-programme “KommIT”, in which the municipalities' work on developing and coordinate a common ICT-architecture, and will collaborate with KS and KommIT in development- and government programmes (KRD 2013, p. 35). The financial support can be viewed as an expression of the PA approach. However, it can also be an expression of governing through networks, i.e. the NG approach. The element of collaboration further points to this. Another ICT-measure presented in the KRD's strategy (2013, p. 39) is the development of “BuildNet” (“ByggNett”), a joint digital platform for construction and building projects, where all the involved actors can interact. It shall, among other things, contribute to make the application process and the housing construction more efficient; provide useful tools for the builders and more holistic thinking. One of the aims is to process all building applications electronically by 2015. BuildNet entails a new service product (i.e. a *service innovation*) as well as a new way of service delivery to clients (i.e. a *service delivery innovation*), which in turn may lead to changes in back- or front office procedures (i.e. *administrative or organizational innovation*). Given that the BuildNet platform is meant to make all the relevant information for a building project available in one place for all of the involved actors, one can consider this to be a *systemic innovation* too.

In the white paper, a national programme for development and implementation of welfare technology is presented (HOD 2013, p. 114). The programme's main aim is to make welfare technology an integrated part of the care services by 2020. The welfare technology programme includes measures such as the establishment of open standards for welfare technology (i.e. the infrastructural dimension of ICT) and knowledge generation. Initially, the development of “security packages” will be given a high priority in the programme. A security package is a further development of the safety alarm which in addition includes self-triggering alarm, fall sensor, smoke detector, electronic door opener, cell phone, GPS, etc. This product may represent a *service-* and a *service delivery innovation*. Additionally, it may

require *administrative and organizational innovation*. In order to establish a robust safety package-model, which can be used of all municipalities, the government will financially support the participating municipalities in the projects “Safe Traces” (“Trygge spor”) and “the Safety Package” (“Trygghetspakken”). The financial support can be viewed as merely a financial measure (i.e. the PA approach). In a broader sense, however, the support can be viewed as an attempt of further development and diffusion of the safety packages (i.e. upscaling of a niche). Also, both projects entail collaboration between research communities, universities and municipalities. Such collaborations are typical of the NG approach.

A good share of the policy's measures entails *collaboration and interaction* between various actors – both within the public sector and external ones. For instance, the government wants to enter into a bilateral agreement with KS, as a part of the consultations between the central government and local authorities, which commits the parties to good cooperation in pursuing innovation in the municipal sector (KRD 2013, p. 33). Also, the government and the nonprofit sector recently entered an agreement on cooperation which includes health- and care services, and a national strategy on voluntary work within the health- and care field is in the making (HOD 2013, pp. 68-72). Furthermore, the HOD will establish a forum for dialogue, “HelseOmsorg21”, between the health- and care services, academia, private sector and the organizations representing the professionals. The forum shall give input to and suggest measures to a broad and holistic strategy for research and innovation within the health- and care field (HOD 2013, p. 16). The RCN (2012, p. 17) will, among other things, support innovation projects in the private sector which develop welfare technology in collaboration with users and public services. These measures may all entail *systemic innovations*, as they involve new or altered ways of interaction between organizations, actors and knowledge bases. Moreover, this emphasis on collaboration and the inclusion of a wide range of actors is typical of the NG approach.

Another type of measures in the policy is *financial measures*, which is typical of the PA approach. For instance, in the KRD's (2013, p. 30) strategy it is stated that the government will give funding to innovation projects. Also, the government has established an earmarked grant for the purpose of expanding the daytime-activity offer for people with dementia (HOD 2013, p. 61). This daytime offer may be viewed as a *service innovation*. Once the service is further expanded, the government wants to make it a legal obligation for the municipalities to



provide the service (HOD 2013, p. 84). Legislative measures, such as this one, are also typical of the PA approach. Another example of legislative measures is the government's consideration of integrating welfare technology into future building requirements (HOD 2013, p. 99).

In the policy, there are some measures aimed directly at *developing or diffusing already existing services*. One example is the INN-scheme (“Inn på tunet”) in which municipalities use farms for daytime activities for people who need special resources. The HOD (2013, p. 76) will, in cooperation with other relevant ministries, consider to expand the INN-scheme to industries, work places and enterprises other than the agriculture field. Another example is the government's commitment to ordinary rehabilitation, from 2013 and onwards. Ordinary rehabilitation involves an interdisciplinary professional approach, as well as a shift in focus from compensatory measures to activation and own mastery in everyday life. The aim of the commitment is to stimulate the municipalities to try out various models for ordinary rehabilitation with regards to responsibility, organization and the composition of expertise. The initiatives shall be continuously evaluated and the experiences shall be diffused to other municipalities. Both the INN-scheme and the commitment to ordinary rehabilitation can be viewed as *service- and service delivery innovations*, while the latter may involve *administrative and organizational innovation* too. In addition, they can be examples of the use and upscaling of niches, in this case the development and diffusion of specific services. In the policy, there are also some measures which involve the use of niches to create new services or solutions in general. The RCN (2012, p. 12) will, for instance, prioritize to fund testing of research results through “living labs” in collaboration with municipal actors. The aim is to improve the basis for diffusion and implementation. Further, in the white paper (HOD 2013, p. 132) it is suggested to test out new solutions (e.g. professional methods; organization; housing forms; welfare technology etc.) in a tripartite cooperation between a municipality, research communities and businesses, or, between a municipality, research communities and nonprofit organizations, volunteers and relatives. The INN-scheme, the commitment to ordinary rehabilitation and the creation of niches all involve an emphasis on networks and collaboration, which reflects the use of the NG approach.

The government wants to contribute to a professional restructuring of the municipal health- and care services. This restructuring entails a shift of focus in which rehabilitation, prevention

and early efforts are emphasized. Also, an interdisciplinary approach which utilizes personnel and expertise in new and improved ways; more integrated services in the municipalities; and a health service which supports the care service are perceived as necessary (HOD 2013, pp. 90-92). Two specific measures on how to attain this are pointed to. Firstly, by increasing the share of health- and care personnel with higher education. Secondly, the Ministry of Education and Research is developing a joint content for the health- and social education programmes. Among other things, the aim is to ensure that the candidates perceive themselves not only as practitioners of their own profession, but also as a part of a bigger welfare system where various professions together possess the necessary expertise. Altogether, this may serve as an example of how the policy seeks to attain *conceptual innovation*.

The government wants to establish an annual innovation award (KRD 2013, p. 41) for the municipal sector. The competition element of this measure is typical of the NPM approach. Apart from this measure, the NPM approach is not very evident in the policy at large.

In this section, the policy's measures have been analysed on the basis of the framework presented in chapter 3. From this perspective, the overall all impression is that the most evident type of measures in the policy are the ones which *involve knowledge development and competency building*, followed by measures related to *ICTs*. Furthermore, a good share of the measures is directly aimed at *systemic innovations* whereas some are aimed at innovations of type 1-3. Only two measures which aimed directly at *conceptual innovation* were pointed out in the policy. However, the categories provided in the framework are not clear cut and, thus, a significant part of the measures involve more than one category. Both change processes on the niche-level (i.e. innovations of type 1-3) as well as on the regime-level (i.e. innovations of type 4 and 6) are promoted through the policy measures. However, the assumption of how innovations of type 1-3 take place at the niche-level whereas type 4-6 take place at the regime-level is merely an analytical distinction. For instance, innovations of type 4-6 can also take place in niches at the micro-level and, in turn, be scaled up to the regime-level. To what extent the balance between facilitating oriented measures (i.e. knowledge development, competency building and ICT) and the ones aimed at direct innovations is appropriate from the MLP, will be discussed in section 4.5.

Of the three policy regimes, one can say that the NG approach is the most consistently

reflected throughout the measures in the policy. The PA approach is represented through some financial- and legislative measures whereas the NPM approach is barely evident.

Measures which are aimed directly at attaining *policy innovations* are not particularly evident within the policy. Such innovations may be more implicit and rather expressed through other measures. The enhanced use of measures which reflect the NG approach, combined with a very limited use of NPM oriented measures, may be an example of this. Moreover, this may also apply for *conceptual innovations* and there is a close connection between these two innovation types.

#### 4.5 Discussion

In this section the findings from the analysis will be summed up. Also, the strengths and weaknesses of the new innovation policy – expressed in the selected policy documents – will be discussed based on the analysis above.

In general, the analysis in this thesis has shown that the policy entails a systemic approach to innovation. Linkages and interaction between various actors, networks and institutions are emphasized as important to innovation processes in all of the three documents (e.g. public entities, technology, regulations, or users). Furthermore, the policy explicitly stresses the need for developing and enhancing the current innovation system for the public sector, especially for the municipalities. In this lies a structural focus in which the strengthening of the current innovation system components, as well as the linkages between, them holds a priority as well as the development of some new components (e.g. the suggested national innovation competency centre). In turn, the idea is that this will lead to innovation on the micro-level (i.e. in the municipalities).

In the multi-level perspective (MLP), the focus of analysis has shifted from individual innovations on an organizational level, towards innovations on an aggregated level, i.e. system innovation. The latter involves innovations of category 4-6 (*conceptual innovations*, *policy innovations* and *systemic innovation*). Moreover, these innovations at the meso-level are believed to be interconnected and simultaneous with innovations at the micro-level (i.e. innovations of category 1-3). A good share of the policy's measures do involve *systemic*

*innovation* (i.e. new or improved way of interacting with other organizations and knowledge bases), especially in the measures presented under four of the main headings/ programmes in the white paper from HOD (the remaining fifth is the Innovation Programme 2020), c.f. section 2.2. Also, the policy contains some measures aimed at innovations of type 1-3, while two measures in the policy are aimed directly at *conceptual innovation*.

However, as pointed out in section 4.4, the most evident type of measures in the policy are the ones which involve *knowledge development and competency building* followed by measures related to *ICTs* in terms of technological infrastructure. These measures are not directly innovation themselves but are rather meant to facilitate innovation activity. The innovation strategy from the KRD (2013, p. 8) contains mainly such measures and so does the Innovation Programme 2020 in the white paper from the HOD (2013, pp. 131-132). Furthermore, in the white paper (HOD 2013, p. 127) it is mentioned that education, competency building, research and development are emphasized as the main instruments in the government's policy for developing the future public sector. Most of the measures in the policy from the RCN are also facilitating oriented which could be expected as it falls within their role. Moreover, it is explicitly stated in the beginning of the RCN's policy that their focus will be to link research more closely together with innovation processes, rather than to consider how all sides of public sector innovation should be developed (RCN 2012, p. 1).

Thus, there is a slight bias in the policy towards facilitating oriented measures on the expense of measures directly aimed at system innovation. From a MLP, a weakness with such a structural emphasis is that the dominant regime – which is believed to influence and shape the innovation pattern of its related system (i.e. the Norwegian public sector) – might remain unaltered. In turn, merely incremental innovation could be expected to take place as the current innovation pattern would be prolonged.

On the other hand, and as mentioned in section 4.4, *policy innovation* and *conceptual innovation* may be more implicit and rather expressed through other measures. The enhanced use of measures which reflects the NG approach in the policy, combined with a very limited use of NPM oriented measures, was given as an example of this. Moreover, many of the measures presented by the RCN include the increased involvement of a wide range of actors (e.g. users, citizens, designers, private companies, municipalities, etc.) in the research processes which may reflect a focus on *systemic innovation*. In addition, in the sections of the

policy documents which explain the conceptual basis of the policy there is a clear emphasis on the need for rethinking what public services should entail and which actors who should be involved in the creation of them. For instance, the users shall be enabled to become a “resource in their own lives” and the resources of local communities, new technology, nonprofit organizations and volunteers shall be further developed and utilized in new ways in the public service provision (HOD 2013, p. 19). This opens for alterations also at the regime-level. In this way, the policy documents may be a manifestation of *policy-* and *conceptual innovation* themselves in which the NG approach are preferred over the PA- and NPM approach, c.f. section 4.3. Thus, even though most of the policy's measures have a structural focus, system innovation is still reflected in the policy in a more implicit manner through other measures and in the conceptual basis of the policy, as well as in the measures aimed directly at *systemic innovation*.

When it comes to niches at the micro-level, the municipalities are given much attention in the policy as most of the welfare services are provided through them. The innovation activities are pictured to be undertaken at the local-level whereas the central government is given a role as a facilitator for these activities. For instance, the national-level shall remove barriers and adapt legislation and financial schemes in order to support municipal innovation activity, as well as coordinate and stimulate the local work, contribute to research, competency building and diffusion of new solutions.

Even though the municipalities are given increased autonomy and the innovation system supporting them are enhanced, this will not automatically lead to system changes. In the MLP, system innovation also depends on developments at the two other levels (i.e. the regime-level and the landscape-level) as well as the interaction between these three levels. As shown in section 4.1, there is a perception of pressuring challenges at the landscape-level among the incumbent regime actors (i.e. the authors of the policy documents), which are believed to lead to a shortage of resources if the current model is retained. As a consequence, the policy opens up for the utilization of resources outside of the public sector, that is, to involve new actors and to rethink its operational rationale. Thus, there are signs of alterations at the regime-level in the policy. The developments in the social-technical landscape surrounding the Norwegian public sector, in combination with the developments at the regime-level, may open up for already existing novelties on the local-level to break through, or, to spur the development of

new innovations. The latter is represented in the policy by the measures that involves the creation of niches in order to develop new services or solutions in general, e.g. that the RCN (2012, p. 12) will fund testing of research results through “living labs” in collaboration with municipal actors. Welfare technology in general, and smart home technology in particular, may serve as an example of how the developments at landscape-level have caused instability in the regime and, in turn, have led to openings for this already existing technology to break through. The “Smart House” (“Smarthuset”) was introduced and marketed in Norway already during the 1990s. Since then, about 25.000 residential care homes have been built but the smart home technology has hardly been used in any of these (HOD 2011, p. 110). In the new policy, however, there are several measures which are aimed at the upscale and utilization of this technology, e.g. through enhancing the personnels' competency to use this technology and adapting legislation.

So far, the analysis of the three policy documents has shown that there are developments on all of the three analytical levels from a MLP, which in turn may imply system changes. However, in the operational part of the policy (i.e. the measures), a bias towards facilitating measures has been pointed to. This strong emphasis on creating and developing an innovation system which supports the municipal sector is a vital part of enhancing the public sector's innovation capacity. Thus, it can be viewed as a strength of the policy. However, the current design of the policy gives the municipalities the role as innovators whereas the national level is given the role merely as a facilitator. In this way, innovations at a system-level (i.e. the Norwegian public sector as a whole), I would argue, are not sufficiently addressed in the operational part of the policy as it mainly focuses on facilitating innovations at a local level. Although innovations at a system-level (i.e. innovations of type 4-6) are reflected implicitly in the policy, a more conscious approach to it operationally would be beneficial as these innovations are believed to depend on alterations of the dominant regime in a MLP. For example, a form of a transition arena (i.e. one of the four main tools developed in transition management [TM]) could be established, in which the activities of long-term thinking, problem definition, the processes of vision development and collective goal and norm setting could be included. In this lies a potential for *conceptual innovations* and *policy innovations* to take place. The participants could be a selection of individuals from throughout the public sector (e.g. politicians, public managers and lower-level employees), research- and education communities, citizens, private sector and civil society. In turn, an overall innovation agenda

for the Norwegian public sector could be developed.

The policy does contain one example of such an arena, namely the dialogue forum “HelseOmsorg21”, presented as a measure by the HOD (2013, p. 16), c.f. section 4.4. The forum shall give input to and suggest measures to a broad and holistic national strategy for research and innovation within the health- and care field. However, this national strategy will merely encompass a sub-sector of the Norwegian public sector. This may serve as a picture of a possible weakness of the government's approach to public sector innovation in general, namely that their choice of pointing out prioritized areas (i.e. the health- and care services, c.f. NHD 2008) may lead to the development of measures and facilitating structures merely aimed at sub-sectors within the Norwegian public sector. In turn, this may hamper one of the overall objectives of the policy which is to find solutions across sectors. Instead, it may enhance silo-thinking.

The establishment of an arena, such as the “HelseOmsorg21”, which can contribute to the development of an overall national innovation strategy for the entire public sector may – in addition to *conceptual-* and *policy innovation* as mentioned above – reduce the possibilities for silo-thinking and fragmentation in the efforts made to enhance the innovation capacity of the public sector. Instead, it would facilitate for a more holistic approach to innovation in the public sector, in which resources throughout the entire sector can be mobilized as well as resources in the society at large.

## 5 Concluding remarks

The aim of this thesis has been to review of the new Norwegian innovation policy for the public sector – expressed in three central policy documents – and, based on this, to discuss the strengths and weaknesses of the policy. In order to conduct the review, an analytical framework was provided. The starting point for the assembled framework was the perceived need for a more comprehensive public innovation approach – both theoretical and practical – in which the focus is shifted from individual innovations at an organizational level towards innovations at an aggregated level. The provided framework therefor combines concepts from the literature on public sector innovation and transition management with the multi-level perspective from innovation studies which deals with such system innovations. It also includes an extended taxonomy for public sector innovation. The key point of the framework is that changes in a social-technical system (i.e. system innovation) emerge from the interaction between processes at different levels. Thus, if one wants to manage system change in desired directions, this should be done at all of the analytical levels and in the interactions between them.

The analysis of the three policy documents shows that there are developments at all of the three analytical levels from a MLP, which in turn may imply system changes. Firstly, there is a perception of pressuring challenges at the landscape-level in the policy, which is believed to require more resources and new and more efficient ways of governing. Secondly, as a consequence, the policy opens up for the utilization of resources outside of the public sector, as well as to develop a new practice, in its objectives. That is, to involve new actors and to rethink its operational rationale which in turn opens for alterations in the dominant regime. Thirdly, when it comes to niches at the micro-level, the municipalities are given much attention in the policy. One of the policy's main objectives is to improve their framework conditions for innovation activities. Also, the policy aims to upscale, utilize and further develop the already existing welfare technology.

The operational part of the policy, however, has a slight bias towards facilitating structures on the expense of measures aimed directly at system innovation. The current design of the policy gives the municipalities the role as innovators whereas the national level is given the role merely as a facilitator. In this way, innovations at a system-level (i.e. the Norwegian public



sector as a whole) are not sufficiently addressed in the operational part of the policy as it mainly focuses on facilitating innovations at a local level. A more conscious approach to it operationally would be beneficial as these innovations are believed to depend on alterations of the dominant regime in a MLP. From a MLP, a weakness with such a structural emphasis is that the dominant regime might remain unaltered. Thus, merely incremental innovation could be expected to take place as the current innovation pattern of the Norwegian public sector would be prolonged.

However, the policy also has potential. As this explicit focus on innovation in the public sector has not come about until quite recently in Norway, the current innovation system for the public sector is underdeveloped. Thus, the emphasis on creating and developing an innovation system which supports the municipal sector is a vital part of enhancing the public sector's innovation capacity.

Another strength which is pointed to in the analysis is the promotion of networked governance (i.e. the NG-approach) throughout the policy. Among other things, this approach makes it possible to tap into resources throughout the public sector, as well as from outside the public sector, as a wide range of actors (e.g. users or other social groups) is included in the innovation processes under this governance paradigm. In addition to enabling the mobilization of the resources of society at large, the NG-approach might also represent the “next practice” which is called for in the policy. Thus, this approach is a good starting point for the further development of the Norwegian innovation policy for the public sector.

A natural continuation of this thesis is to compare the Norwegian innovation policy for the public sector to other countries' policies on the matter. This calls for more research on the topic.

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## Appendix 1

Measures in *New paths to the future welfare. The government's strategy for innovation in the municipal sector* (KRD 2013, pp. 30-41):

- **Visualization of the challenges in each municipality.** The KRD has developed demographic projections for each municipality which are now available on their web page. These include projections of different age groups per municipality and how the evolvement can influence the amount of service receivers and the need for employees in the future. An estimate of the number of service receivers and the need for employees in 2020 and 2040 for the sectors of care, kinder garden and elementary school is also given. The estimates show how the situation will be like if the current standards and coverage rate are maintained.
- **Funding – grants to innovation projects.** The government will give funding to innovation projects in the municipalities. Today, the County Governors give funding from their discretionary grants to renewal- and development projects. From 2014, the Government wants the funding to be given both to innovation and renewal measures, and, that innovation project shall be prioritized. Criteria will be given for funding applications to innovation projects. More information with regards to the application process and the criteria will be given in the National Budget for 2014.
- **Competency centre for municipal innovation.** The government wants to support an establishment of a competency centre for municipal innovation which can serve the needs for sharing results; make new or existent research and knowledge available; and have an overview of relevant research actors as well as possible funding schemes. The KRD will in dialog with other actors, such as the HOD, the County Governors, KS and other employer and labor organizations, assess possible organizational models and tasks for such an innovation centre. In addition, it will be assessed whether it will be one national centre, or, if also regional units will be used. It is important to see the centre in connection to the existing measures and organizations, such as the programme Together For a Better Municipality (“Sammen om en bedre kommune”). The aim is to establish the centre within January 1<sup>st</sup> 2015.

- **A cooperation agreement between the government and KS.** The government wants to enter a bilateral agreement with KS, as a part of the consultations between the central government and local authorities, which commit the parties to a good collaboration in pursuing innovation in the municipal sector. Also, it shall ensure a good dialog between the government and KS.
- **Funding to the development of an innovation study.** In order to contribute to an enhanced innovation competency in the municipalities, the government wants to support the development of an innovation study programme for the municipal sector. The KRD will call for proposals for an one-year development funding for this purpose. The aim is to start the study programme in 2014.
- **Increased innovation effect of public procurement.** On February 14<sup>th</sup>, the Ministry of Trade and Industry (NHD), the Ministry of Government Administration, Reform and Church Affairs (FAD), Ministry of Health and Care Services (HOD), the Ministry of Environment and the Ministry of Labour launched a strategy for increasing the innovation effect of public procurement. The strategy is about typical transversal challenges which public entities meet when they work with procurement, right before and right after the calls for proposals. As a part of the strategy, the government will launch a trial scheme with grants for the enterprises and industry which public entities can announce for specific innovation purposes. Innovation Norway and Difi (the Agency for Public Management and eGovernment) will manage the scheme. Also, the government support the National Program for Supplier Development, established by KS and NHO (the Confederation of Norwegian Enterprise). It started in 2010 and will last for five years. Supplier Development is an interplay between the public sector and suppliers where the public sector facilitates procurement processes which can challenge and develop the supplier market. The programme includes pilot projects, of which several are run by municipalities. Through the pilot projects the municipality can gain access to provident solutions which release resources to other important tasks, while the suppliers can get an advantage in new markets by delivering provident solutions. The experiences from the pilot projects shall give rise to an improved practice in general.
- **ICT and simplification.** It has been a challenge for the municipalities that each one of

them have had the responsibility of developing their own ICT-solutions. In the years ahead, the challenges in the ICT-area will be too big for the municipalities to handle on their own. Therefore, the government has strengthened its efforts in a series of areas within ICT, digitalization and simplification, for example by supporting the municipalities' work on developing and coordinate a joint ICT-architecture. The KS-programme "KommIT" entails the ICT-coordination of the municipal sector. It was established in 2012 and it will last throughout 2015. The government support the programme financially and will cooperate with KS and KommIT within the managing- and developing projects where it is relevant. In the times ahead, the government will assess whether it is advantageous with a form of agreement between the municipal sector and central government about digitalization, or other dialog based cooperation that can support digitalization. Also, the government has started a bigger and a more long-term work with the assessment of regulations that hamper digital communication. New legislation and regulations should be designed in a way that facilitates digital services and digital communication. The government has a digitalization program. During the winter of 2013, the government launched a digital "suggestion box", called "Enkelt og greit" on [www.regjeringen.no](http://www.regjeringen.no), where people could share how they think it can be made easier for them to meet with the public sector. The FAD is responsible for the simplification project. The government has started to work on the establishment of BuildNet ("ByggNett"). The aim is to develop BuildNet to a joint coordination platform for construction and building projections where all the involved actors in the 'value chain' interacts. By 2015, it shall be possible to conduct complete electronic building permits.

- **The innovation award.** The government wants to disseminate good experiences while at the same time inspire the municipalities to pursue innovation. Therefore, it will now be established an own award which each year will go to a municipality that has distinguished itself by pursuing innovative ideas.

Measures in the RCN's innovation policy, *Innovation in the Public Sector* (RCN 2013):

- **The knowledge system for public sector innovation (pp. 10-11). The RCN will:**
- Promote research on public sector innovation (PSI);
- Develop a "public-ph.d", similar to the one for business, joint funding by the RCN and

the public employer;

- Propose the establishment of centres for research driven innovation in public services;
  - Participate actively in the European research and innovation collaboration, both on project level and in the RCN's own work on PSI;
  - Develop instrumental design, e.g. project types, meeting points and networks, where research and user involvement contribute to enhance PSI;
  - Consider to establish new types of programs, e.g. an open arena for PSI projects or a program for public and private service innovation;
  - Enhance the use of practice-oriented R&D in relevant sector areas;
  - Enhance the university colleges of applied science's (høgskolenes) strategical work towards public sector, including through strategical university college of applied science projects (høyskoleprosjekter, SHP);
  - Enhance the use of competency mediation, active student research and other coordination measures by expand the VRI-programme (measures for regional R&D and innovation);
  - Consider to develop competency centres for the sharing of research results within relevant sector areas;
  - Make clearer requirements for user relevance and user participation in the development of research design and in the monitoring of applied research projects;
  - Enhance the use of public innovation projects in relevant programmes;
  - Enhance the use of action research.
- **The municipal sector's innovation challenges (pp. 12-13). The RCN will:**
- Enhance the collaboration with the municipal sector in order to develop the RCN's instruments and the RCN's knowledge base;
  - Actively mobilize to more innovation projects where municipalities are contracts- and collaboration partners;
  - Enhance the effort in competency mediation where research groups are linked to the municipalities' research needs;
  - Prioritize funding to try out research results in collaboration with municipal actors, e.g. through “living labs”, in order to improve the basis for proliferation and implementation;
  - Enhance the use of research results through increase use of innovation projects, more



active dissemination of research results and more attention towards the municipality's role in implementation;

- Enhance interdisciplinary and inter sectoral orientation in research on policy-making and the innovation oriented research;
- Enhance research about incentives and drivers for the development of a more sustainable infrastructure in the municipalities;
- Develop the knowledge base for municipal planning processes and land use, especially how user-involvement can play a bigger part in municipal planning processes;
- That the common learning arena for regional research funds is used for sharing innovation results in public sector.

- **Public planning and infrastructure (pp. 14-15). The RCN will:**

- Contribute to the development of the methodological and theoretical basis for societal planning and the frames for involvement of citizens in planning processes;
- Contribute to increased availability and use of data sources from central public databases, for the use across the sectors and by the public, e.g. in RCN's own work on the RCN's project database;
- Enhance the research- and innovation efforts with the aim of improved civil protection and emergency planning;
- Stimulate the development of new ICT-solutions between public entities and across the sectors,
- Contribute to the development of new services through ICT in close interaction with the users of the services;
- Develop models for increased participation of public entities and end users in the ICT research;
- Develop an overall knowledge base for the need of further research and technology development within the transportation sector;
- Enhance the basis for increased innovation within the person transportation in urban areas;
- Generate knowledge about environmental- and climate friendly transportation types and transportation systems;
- Generate knowledge about models in the public sector for innovative procurement with research;

- Contribute to knowledge generation in public sector, such as how the entities can attain innovation through their procurements;
- Link the RCN closely up to the international development work within innovative public procurement with researcher participation;
- **Innovation in health, care and welfare (pp. 16-17). The RCN will:**
- Enhance the use of innovation projects for public sector within the care sector with an emphasis on coordination;
- Enhance research and innovation that contribute to the development of models for efficient and user friendly patient flow and logistics;
- Enhance research and innovation that improve the coordination of the NAV-system and the health sector;
- Enhance research and innovation related to new forms of organization, financing and result achievement within the Norwegian health services;
- Establish a Big programme for good and efficient health-, care- and welfare services;
- Through consultation, and in collaboration with others, work towards that a “great effort” will be undertaken for better integration of the ICT-systems for health- care- and welfare sector, and contribute to enhanced collaboration across organizational demarcations both on operational and management level within the entire health-, care-, and welfare system;
- Support innovation projects in the private sector which collaborate with users and the public services in developing welfare technology;
- Develop new models for end user involvement in innovation processes;
- Consider to establish a welfare technology program which encompasses development of promising technology, user-driven innovation projects and piloting, demonstration, experimentation and evaluation;
- Include professional architecture- and design competence in the innovation processes.
- Through counselling and cooperation with others, work towards making research a central area in a national commitment to welfare technology;
- Support innovation projects in the public sector with participation from technology firms in order to adapt technology and develop the services;
- Enhance the work on practice oriented R&D for the vocational training in health-, care- and welfare services;

- Establish a “Big” programme for good and efficient health-, care- and welfare services;
  - Through counselling and cooperation with others, work towards the development of a comprehensive support system that can introduce and adapt technology in the health-, care- and welfare services;
  - Continue to support the innovation work in private firms, research institutes and hospitals;
  - Emphasis interdisciplinary follow-up of patient care;
  - Through counselling and cooperation with others, the RCN will work towards a better interplay between enterprises and public health services in the development of new medicine and new methods for diagnosing.
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- **Innovation in education and upbringing (pp. 18-19). The RCN will:**
  - Continue to support practice oriented R&D in the educational sector;
  - Enhance the strategic collaboration with professional education and enhance the innovation perspective in professional education;
  - Develop the Knowledge Centre for education to become the education sector's gate to research;
  - Through counselling and cooperation with others, the RCN will work for promoting research within the Trial Entity (“forsøksvirksomheten”) in the schools; research that contributes to improve practice and increase the quality in the school; a more knowledge based management of education; and an enhanced international knowledge exchange in the education area;
  - Support research on learning, game technology and digital medias;
  - Develop, test and asses new learning arenas, hybrid learning surroundings, teaching methodologies and methods for collaboration-learning which give possibilities to more flexible education pathways and life-long learning;
  - Use its meeting-point function to improve the interaction between the education sector and technology providers;
  - Through counselling and cooperation with others, the RCN will work towards making the education sector and the rest of the public sector important forerunners for development of learning technology:
  - Support practice oriented R&D in the child service.

Measures in Report No. 29 *Tomorrow's Care Services* (HOD 2013):

- **Tomorrow's care** – Innovation programme 2020 (pp. 131-132):
- Grip 1: Enhance the care services regional research- and development structure
- Enhance the development centres for nursery homes and home services and the five regional centres for care research. The centres are linked together in networks where Centre for Care Research East is given the coordination function, and will have a central role as a documentation centre with action research, dissemination and diffusion. At the same time, this will contribute to enhance the health- and social educations at those university colleges or universities where the care research centres are localized
- Link the care research centres and development centres to those professional communities which will be given the responsibility of providing education in, and be the competency centre for, municipal work on innovation, cf. the government's municipal innovation strategy.
- Expand and utilize the competency that is built up in the County Governors' management of conducting the Action Plan For Elderly Care, Care Plan 2015 and other development oriented governmental efforts in the field of health- and care.
- Grip 2: Involve established innovation- and research institutions.
- Expand InnoMed so that they, in addition to the specialized health services, can cover the municipal health- and care services and maintain the innovation activity across the governmental levels within the health- and care services.
- To utilize the scheme of public R&D contracts (OFU) through Innovation Norway, and to make it more available and adapted for the innovation need in the health- and care sector, in both smaller and bigger municipalities.
- To examine a scheme for setting aside funds for research, development and innovation with the aim of designing and testing new models for the future institutional- and housings solutions.
- To enhance the health- and care research through the RCN's programmes, with a special emphasis on the knowledge basis for municipal planning and design of future care solutions.
- To utilize the education offered in municipal innovation work which will be

established as a part of the government's municipal innovation strategy.

- To add a clear innovation perspective to the Coordination Reform's education measure Health and Care in Plan (“Helse og omsorg i plan”), in cooperation with KS and Samplan.
- Grip 3: Enhance the effort on research-, innovation- and development work in the municipalities:
  - By testing new solutions (professional methods, welfare technology, housing forms, organization, etc.) in a tripartite cooperation between municipality, research communities and business, or between municipality, research communities and non profit organizations, informal care and volunteers;
  - By ensuring competency, documentation and research as basis for diffusion and implementation;
  - By improving the knowledge basis for planing, development and innovation through relevant programmes in the RCN.
- **Tomorrow's care service users** – with a resource oriented perspective (pp. 50-55).
- The government will in the further work on the Competency Lift 2015 (Kompetanseløftet 2015) increase the focus on diversity and equality, and develop measures to increase the employees' knowledge about different cultures, facilitate for better language training and contribute to increased recruitment of employees with a minority background
  - Users shall get information and support to own care (“egenomsorg”) and mastery.
  - Following up the Report No. 10 *Good Quality – Safe Services* (HOD 2013a) tools will be further developed for decision support in order to help patients and users to have active co-decision.
  - The government has sent a suggestion for consultation, about people with a permanent and great need for practical aid and training will be given a right to get such services organized as user-driven personal assistance (“brukerstyrt personlig assistanse”, BPA), with the same user oriented time as with offers after the Primary Health Care Act (kommunehelstetjenesteloven) about practical aid and training.
  - The current mandatory obligation for the municipalities to be able to offer BPA will continue to include those who where not given a statutory right to BPA.
  - The HOD emphasize dialogue and exchange of information with the service users in their work on designing the future health- and care services. To contribute to this, the

ministry has established Contact Forum (“Kontaktforum”) for users of the health- and care service. Through counselling and dialogue with the authorities, the forum shall give suggestions on conditions which affect the services and contribute to develop a better health- and care service.

- **Tomorrow's care community** – with a programme for informal care; a national strategy for volunteers; and a policy for nonprofit, cooperative based and private service providers (pp. 61-79)
  - A programme for an active and future oriented informal care policy 2014-2020:
  - The government has, in order to expand the daytime activity offer for people with dementia, established an earmarked grant for this purpose.
  - The government will contribute to expansion of flexible respite programmes which are predictable and gives relatives free time to maintain personal needs, social activities, recover or to participate in work- or societal life.
  - As part of the Care Plan 2015 (“Omsorgsplan 2015”) it is established informal care givers schools and discussion groups for informal care givers to people with dementia.
  - In order to make the cooperation with users and informal care givers a natural and integrated part of the daily work, employees shall get increased competency in cooperation and communication with informal care givers. The government wants to further develop a training programme for municipal personnel. The programme shall build on the “training package” which is developed by the Directorate of Health.
  - In the programme, the government will map more closely judicial, organizational and professional barriers for the interplay with informal care givers. The aim shall be a more agreed and visualized interplay between the public services, informal care givers and service users, where the informal care givers know the content, possibilities and limits for they own and others roles, needs and efforts.
  - In order to contribute to increased systematics and anchoring of volunteer work in the care service, the government wants, as a part of the national strategy for volunteers, to further develop the efforts on training of voluntarism coordinators under the auspices of the Dignity Centre in Bergen. The voluntary, unpaid care, mainly encompasses efforts from family and informal care givers. Training of voluntarism coordinators will therefor also be a central measure for cooperation with and follow-up of informal care givers.
  - A further development work with regards to improving the care pay scheme. The aim

is a simplified grant scheme, which is better integrated with the public services and have a greater extend of predictability in the allotment.

- The government wants to further build on the experiences from Trondheim municipality and make Men in Health and Care (“Menn i helse og omsorg”) to a nationwide project, initially as a part of Care Plan 2015.
- A new national strategy on voluntary work within the health- and care area shall be made. The strategy shall include measures for increased competency in recruitment, coordination, training and guidance of volunteers. Enhanced knowledge and research shall be central in the strategy.
- In proposals to new curriculums in elective courses in the secondary school, it is suggested that the elective course Effort for Others (“Innsats for andre”) is established. The training shall enable the pupils to identify needs for voluntary work in the local community, and the pupils shall be able to use their own resources and knowledge to plan, implement, and finalize measures that caters the needs.
- In order to enhance the active care and put the users' social and cultural needs in the centre, the government wants to establish a national certification scheme for Joy of Life nursery homes (“livsgledesykehjem”) under the auspices of the foundation Stiftelsen Livsglede For Eldre. The certification shall also be undertaken in a close collaboration with local associations, upper secondary schools and other volunteers.
- During the fall of 2012, the Government and the nonprofit sector entered an agreement on cooperation which includes health- and social services.
- During the fall of 2012, the government appointed a committee to go through the Norwegian part of the legislation on public procurement. An important aim of the committee's work is to simplify the legislation. The non profit actors wants a better and more stable framework conditions as suppliers of health- and care services. The committee shall, among other things, review which specific rules that shall apply for services as health- and social services, and the committee's reviews shall take into consideration the importance of that service suppliers with particular competency and integrity find it attractive to deliver their services to the public sector.
- The agriculture's offer of welfare services with the farm as an arena, “Inn på tunet” is a good example of development and testing of new arenas. The HOD will in cooperation with other relevant ministries review the possibilities for expanding the INN scheme to other industries, work places and enterprises which can give interesting surroundings and

environment for a daytime programme adapted for activity, learning and mastery.

- The HOD and the NHD will in cooperation with Innovation Norway examine how export of goods and services from Norwegian care sector can be organized in the best way, in a close cooperation with the sector and the business targeted instrument system.
- **Tomorrow's care service** – with a professional restructuring and a greater emphasis on early efforts, ordinary rehabilitation and networking (pp. 84-92).
- The government has started a comprehensive expansion of daytime activity services for people with dementia, and aims to make it a mandatory obligation for the municipalities to offer daytime services to people with dementia once the service is further expanded.
- It is suggested that Levanger municipality is assigned the responsibility of being a national competency centre within culture, health and care, in cooperation with the established research- and competency networks.
- The government will contribute to a professional restructuring of the municipal health- and care service through greater emphasis on rehabilitation, prevention and early efforts.
- The Ministry of Education and Research works on developing a new, joint content in all of the basic educations within health and social care. The students shall be prepared to work user-oriented and learn processes which facilitate enhancing mastery, own care and functional ability of those they will encounter later in their work.
- From 2013, the government has established a program for ordinary rehabilitation in Norwegian municipalities. The purpose is to facilitate for development and testing of models which are adapted the care service with regards to responsibility, organization and composition of competency.
- The government aims to establish further efforts which focus on rehabilitation; activation; mastery with personal aims, which shall stimulate the municipalities to try out different models for early efforts and ordinary rehabilitation. The programme shall be evaluated accordingly in order to document effects for the users and for the municipalities. The experiences shall then be disseminated to other municipalities.
- It has been good experiences with stimulating the municipalities to increase the competency of their employees through decentralized college education and further education. The government will continue to prioritize such education with special emphasis on rehabilitation, habilitation, geriatrics, gerontology, palliation and dementia.



The effort will initially be linked to those measures that are already in the Competency Lift 2015. In addition, the government wants to increase the competency on innovation and development and on implementation and use of welfare technology.

- The Directorate of Health has been assigned from the HOD to establish, undertake and evaluate a trial scheme with the establishment of a formal competency area for doctors in palliative medicine.
- In order to enhance the knowledge and competency within palliative care, the government will develop a training programme for employees in the care service which shall give basic competency in palliative care.
- **Tomorrow's care surroundings** – with a programme for development and implementation of welfare technology and measures for renewal, construction and development of future nursing homes and residential care homes (pp. 99-121).
- The government will examine how welfare technology can be integrated in future building requirements, and develop an indicator system in order to measure availability and universal design in buildings, constructions and outdoor areas.
- The government requires that nursery homes and residential care homes which are build and modernized with grants from the Norwegian State Housing Bank shall be facilitated for people with people with dementia and cognitive impairment.
- The government will examine whether the grant scheme from the Housing Bank also shall include the building of security homes (“trygghetsboliger”).
- The government will examine a scheme to set aside grants for research, development and innovation, with the aim of designing and testing new models for the future institution- and housing solutions.
- The government will start an examination about financing- and user fee schemes for different housing forms.
- A national programme for development and implementation of welfare technology in the health- and care services. The Directorate of Health will have the main responsibility to conduct the technology programme as a part of Care Plan 2020. In the conduction of the programme, it is assumed that the Directorate of Health cooperates with InnoMed and the competency centre which shall be established as a part of the overall municipal innovation strategy.
- The Directorate of Health is given the main responsibility of an overall standardization

on the field of welfare technology. Standardization on the welfare technology field shall be given priority in the national strategies for standardization.

- Initially, development of safety packages will have high priority. A safety package is a further development of the safety alarm which in addition can include self-triggering alarm, fall sensor, smoke detector, electronic door opener, cell phone, GPS, etc. In order to contribute to establish a robust safety package model, which can be used by all municipalities, the government will support the participating municipalities in the projects Safe Traces and Safety Package.
- The regional centres for care research will get a central task as documentation centre with research and dissemination.
- The government will take initiative for an annual gathering where researchers, businesses, municipalities and education institutions can meet to develop the cooperation on the future care.
- In order to develop good models for a successful implementation and use of different welfare technological solutions and systems, the government wants to involve existing institutions and professional communities, and enhance the measures available to them. InnoMed shall be expanded, so that they in addition to the specialized health services can cover the municipal health- and care services and maintain the innovation activity across the governmental levels within the health- and care services.
- The government will as a part of the Competency Lift 2015 develop an internal entity training package which gives the employees basic competency in welfare technology, the Welfare Technology's ABC.
- In order to create a broad arena for dialogue between the health- and care services, academia, the businesses and enterprises, and the professional associations the HOD will establish a dialogue forum, HelseOmsorg21.

