

Risky Business

Risk Management and Innovation in Public Services

Social Innovation

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Research Questions

- *What is the current range of approaches to risk in innovation in public services across European countries*
- *What are the key contingencies in the sustainability and mental health sectors?*
- *What are the current approaches for relevant stakeholders to engage in discussions about levels of risk for public service innovations?*
- *How are these discussions translated into specific risk management and governance models?*
- *What are relevant principles for effective risk governance in innovation in public services?*



Theoretical Background

<i>Type of Risk/ Risk Management Approach</i>	Risk	Uncertainty
Hard risk management	Evolutionary Innovation (top-down risk management)	Stagnation (minimisation approach)
Soft risk management	Expansionary Innovation (people-driven management)	Total Innovation ("Thriving on Chaos")



Survey Findings

- Respondents showed **difficulty in conceptualising risk**
 - Managerial staff more aware of “risk management”
 - Risk management strategies still in place, described as “**everyday activities**”
 - Very few dedicated risk managers
- Connection between risk and innovation affirmed but **most often not incorporated in work and planning processes**
- In relation to innovation capacity, most often referred to ...
 - **Sustainability**
 - Financial risks
 - Reputational risks
 - Regulatory/bureaucratic risks
 - **Mental Health**
 - Health and safety risks (service users)
 - Financial risks
 - More hard risk management in mental health, more soft tools in sustainability
 - Accounted for by top-down regulatory system in mental health



Interview Findings

- Financial risks most important overall
 - Service user risk for mental health
 - Reputational risk for sustainability
- Top-down risk management approaches, esp. in mental health, implementation driven by local stakeholders
- Institutionally-driven risk management in sustainability
 - Driven by funding calls
 - Often minimise risk as part of funding contract
 - Innovation still precondition for new funding
 - Resulting tension leads many organisations to become more risk averse when it comes to innovation that is task/service driven



Comparative Findings

Italy

“all roads lead to lack of participation of the local community”

- Engagement of local community as proactive risk management

Mostly non-profit organisations

- Difference in risk management for innovations between associations and cooperatives

Netherlands

Innovation mostly bottom-up in sustainability, top-down in mental health

Few formal risk management strategies (new, small organisations in sustainability, more surprising in larger, established mental health organisations)

Slovakia

- Strong public sector presence in both mental health and sustainability
- Explicitly acknowledged PPPs as ambivalent (more risk than source of innovation, esp. partnerships with local government)

UK

- Decentralised risk management standards, esp. in mental health (informal sharing)
- Regulatory/bureaucratic risk management seen as stifling innovation in environmental sustainability



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Conclusions

Policy

- Recognising the role of regulation and institutional frameworks rather than an understanding of innovation processes as driver for risk management
- Move away from minimisation of risk *if* policy is meant to encourage innovation
- Encourage/provide follow-up funding to make innovations sustainable (funding risk paramount!)

Practice

- Acknowledge effects of risk management on innovation in funding calls (i.e. level of detail)
- Raise awareness and acknowledge risk as core of the process of innovation
 - Make connection explicit within organisation
- Differentiate types of risk and adjust hard/soft risk management approaches accordingly



Questions? Answers.

