



*What if....*  
- perspectives  
and ideas  
for an  
approach  
to inno-  
vative  
governance



41b/2011

Public management





MINISTRY OF FINANCE

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What if...

- perspectives and ideas for an approach  
to innovative governance



441 729  
Print product

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Layout: Anitta Heiskanen / Pirkko Ala-Marttila

Juvenes Print – Finland University Print Ltd, 2013

## Description page

<b>Publisher and date</b>	Ministry of Finance, September 2013	
<b>Author(s)</b>	Ministry of Finance, Ministry of Employment and the Economy, Ministry of Transport and Communications, Ministry of Education and Culture	
<b>Title of publication</b>	What if – perspectives and ideas for an approach to innovative governance	
<b>Publication series and number</b>	Ministry of Finance publications 41b/2011	
<b>Distribution and sale</b>	The publication can be accessed in pdf-format at <a href="http://www.financeministry.fi">www.financeministry.fi</a> . There are also instructions for ordering a printed version of the publication.	
<b>Printed by</b>	Juvenes Print – Finland University Print Ltd, 2013	
<b>ISBN</b> 978- 952-251-498-1 (print) <b>ISSN</b> 1459-3394 (print) <b>ISBN</b> 978-952-251-499-8 (PDF) <b>ISSN</b> 1797-9714 (PDF)	<b>No. of pages</b> 30	<b>Language</b> English
<b>Abstract</b> <p>New solutions and innovations are urgently needed in the public sector. At the core of reform is the competence and ability of organisations and individuals, which can then be refined into innovations that boost productivity and effectiveness. There is great potential, and what is now needed is for public sector organisations to adopt a new type of attitude and a customer-friendlier approach, be willing to take greater risks and be prepared to replace old, habitual ways of doing things with new, innovative ways of operating.</p>		



# Introduction

A durable foundation for productivity is created by *innovation prowess*, the ability of organizations and people to produce ideas and refine them into innovations that improve productivity.

The creation of an operating model for sustainable productivity has been continued in a joint project of the Ministry of Finance, the Ministry of Employment and the Economy, the Ministry of Education and Culture, and the Ministry of Transport and Communications, set on November 1, 2010. The working group has immersed itself especially in improving the innovation prowess and prerequisites and practical methods of more systematic refining of ideas into innovations.

The following persons have in this publication/project contributed to the creation of innovative governance: Virpi Einola-Pekkinen, Jukka Erkkilä, Katju Holkeri, Veli-Matti Lehtonen, Raili Mäkitalo, Urpo Hautala, Mikko Saarinen, Minna Sneck, Pilvi Pellikka, Teuvo Metsäpelto and Päivi Nerg from the Ministry of Finance, Iiris Patosalmi, Pia Nyblom and Anita Lehikoinen from the Ministry of Education and Culture, Heidi Nummela, Tiina Hanhike, Mikko Martikainen and Petri Peltonen from the Ministry of Employment and the Economy, Mona Rundberg and Eeva Linkama from the Ministry of Transport and Communications, Elli Aaltonen from the Regional State Administrative Agency of Eastern Finland, Sinikka Hartonen from the Finnish Transport Agency, Sami Mynttinen from Trafi, Heikki Uusi-Honko from the Finnish Funding Agency for Technology and Innovation, Mervi Hasu from the Finnish Institute of Occupational Health as well as Juha Kostainen and Sari Heinonen from the Finnish Innovation Fund. The project is a part of the Public Leadership and Management Programme of the Finnish Innovation Fund. In addition, experts and other co-operators from different parts of the government have contributed to chapters 6 and 7 of this publication.

The working group states that the result of the project is not perfect or exhaustive, but an icebreaker for the discussions on measures that are needed on the way towards a public sector that has more innovation prowess.

We hope that the ideas that were born during the project encourage government organizations to question the existing practices and to take such methods into use that bring forward new ideas and refine them into innovations.

On behalf of the project's participants,  
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# Contens

<b>Introduction</b> .....	9
<b>1 Foreword - The government as a producer and enabler of innovations</b> .....	13
<b>2 Core messages</b> .....	15
2.1 How can the government's new role be constructed? .....	15
2.2 How to move forward? .....	17
2.3 Why should the public sector think differently and work differently than before? .....	17
<b>3 New public sector with innovation prowess</b> .....	19
3.1 The functional characteristics that are central to an innovation environment	20
3.2 Administrative culture 2.0 .....	21
3.3 Customer-orientation, expertise, leadership and steering .....	27



# 1 Foreword - The government as a producer and enabler of innovations

The slowing economic and productivity growth and spending strains caused by the ageing population require that the public sector is more effective than before. The public sector desperately needs innovations that improve productivity and efficiency. Ministries are in a key position in this development both as a network on the government level and as strategic leaders in their own sectors. Courage and most of all enthusiasm are needed.

The ideology of improving productivity that is on a firm foundation consists of a bold agitation of mindsets and methods and especially efficient implementation of innovations. The knowledge and skills of organizations and individuals in creating ideas and refining them into innovations that improve the productivity and efficiency of the activities are in the core of the reformation. Leadership should anticipate changes in the environment and encourage personnel in not only constantly improving the activities, but also in reformation that questions the existing methods from time to time.

The following is stated of Finland in a Public Governance Review of the OECD: “Finland’s strong administrative systems instil stability into the public sector, but it is done at the price of agility. Solidifying cross-government coordination and cooperation requires changing traditional mindsets and methods”.

The different sectors and levels of the public sector cannot work separately; they need to be developed as a whole. In the future, the public sector needs to invest more in radical reformations that question the old methods. The ability and commitment to a strategic vision, a shared will, as well as the mobility of resources and the ability to produce new solutions to problems that are more demanding than before are required of the government. Anticipation and agility make it possible to take measures at a sufficiently early stage. Cooperation, partnership and networks are essential to the development of ideas.

The Finnish public sector is efficient and reliable according to international comparisons. The personnel are skilful and highly educated. We have all the prerequisites to create an improvement, as long as we are brave enough to think and work in a new way. When working in an environment that is predictable and slowly changing, good attending to and continuous development of basic processes is enough. It has been verified that we are efficient in a crisis and that in such situations we can focus our resources in what is essen-

tial. It is, however, vital that we could solve how we can change predictably, without crises.

How should we function in an environment that is difficult to predict? Can we function in a situation that does not have any solutions or operating models that are ready to be copied? How could we make giving up the old and creating new as part of our strategies, the methods of management by results and everyday work? Does our current administrative culture have characteristics that prevent thinking and doing in a new way? How can we make possible innovations that improve efficiency and productivity?

The possibilities are immense, but to reach them, the public sector needs a new kind of attitude, a greater ability of risk-taking as well as adopting new and abandoning old methods. The Ministry of Finance, the Ministry of Employment and the Economy, the Ministry of Education and Culture and the Ministry of Transport and Communications in a joint project have immersed themselves in a more systematic and strategic utilizing of innovation in governance. The result is a wide-ranging examination of the change needed in the government. On our behalf, we commit ourselves to be builders of a more innovative government - only concrete actions speak for themselves!

In Helsinki 14 December 2011

Raimo Sailas  
Ministry of Finance

Erkki Virtanen  
Ministry of Employment  
and the Economy

Harri Skog  
Ministry of  
Education and  
Culture

Harri Pursiainen  
Ministry of  
Transports and  
Communication

## 2 Core messages

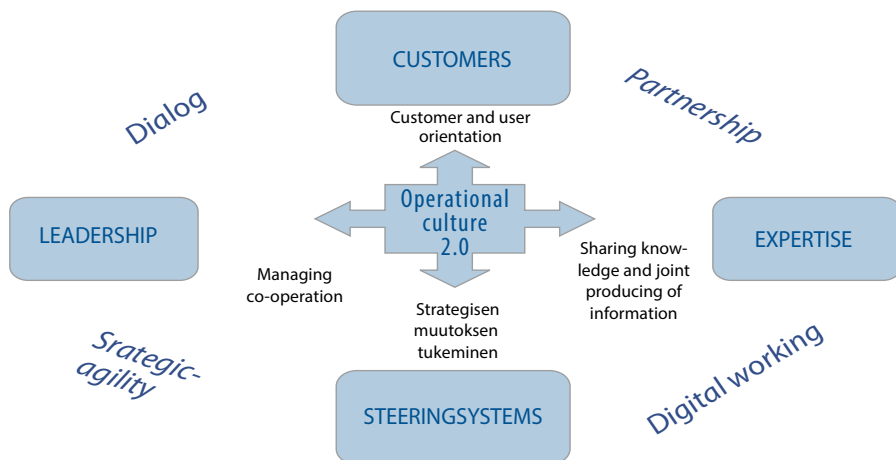
### 2.1 How can the government's new role be constructed?

In a knowledge based work productivity growth cannot be reached by doing more but doing things in a new way. Government's role in enabling and producing innovations requires innovation prowess. The government has not originally been made to innovate but to uphold stability and the existing structures. The change in its role is challenging but by no means impossible. The public sector has to have a stronger role in producing value that is the result of customer and user orientation, the efficient use of public resources and enabling new service innovations.

The new role of the government is created by 1) thinking in a new way and 2) doing things in a new way. There is a need for the renewal of old thought and operating models, both inside the organization and in the relationship with customers and interest groups.

Thinking in a new way and doing things in a new way should show in the operational culture, in the relationship with the customers, expertise and leadership as well as it should be reflected as new contents and practices in performance management and other steering mechanisms.

**FIGURE 1. Targets of thinking and doing in a new way**



In practice, the innovation prowess of the public sector is advanced by especially following developments:

1. **OPERATIONAL CULTURE:** Transformation from unnecessary bureaucracy and system orientation to having the courage to abandon old and try new!

An operational culture that makes its observations from the viewpoint of the wider phenomena and not from the organization structure encourages and urges people to bring out new ideas, try new methods and quickly implement the results of successful experiments.

2. **CUSTOMER AND USER ORIENTATION:** Turning the view from the government's internal processes to utilising the role of the customers and users!

The ideas of customers and service users as well as information regarding customers should be utilized as a source of innovations that improve quality and cost effectiveness. New solutions to identified problems should be searched for together with service users and producers.

3. **EXPERTISE:** Transformation from holding back information to sharing knowledge and joint producing of information!

Expertise should be given space and possibilities to create new by encouraging to cooperation and by offering a modern work environment. The development of new innovations on a systems level should be secured with cooperation across sector borders, more open joint use of information as well as connecting knowledge that is all around the government. The increase in cooperation should be seen in new ways of working in 1) units 2) preparation across sector and operator boundaries as well as in 3) partnerships between operators from the public and private sectors.

4. **LEADERSHIP:** Instead of controlling, cooperation that frees creativity should be managed!

The contents and practices of the government's leadership should be modernized so that an attitude towards life that liberates the personnel's creativity and effectiveness becomes a part of the work. Personnel should be rewarded for initiative, reformation and courageous risk-taking. Cooperation should be preferred instead of introversion.

5. **STEERING MECHANICISMS:** Performance management should support the reformation of the government!

Performance management ensures the joint setting of goals and the possibility to execute them in a new way. Goals for creating customer-oriented service chains, abandoning the old, creating new partnerships, leadership that frees the creative potential and a more communal, barrier-breaking working methods should be entered into performance and management agreements.

## 2.2 How to move forward?

Innovation activities require far-reaching engagement and goal setting. Concrete actions and results are also needed. A culture that encourages the production of ideas and processes that refine these ideas into innovations. In the end, everything still relies on people.

Changing the operational culture is slow, but possible. A change in the culture is possible only through actions. That is why it is important that innovation activities and advancing them are included in the strategies and plans of action. It is, however, especially important that new operating models that create new innovative solutions are implemented in everyday duties. A new culture is created by utilizing new methods especially in the following current challenges:

1. Working with wicked problems of the society
2. Effectiveness and productivity programme, the productivity campaign of municipalities and structural reformations
3. Renewed performance management
4. Strategies and their implementation

The road towards a more innovative public sector could begin here, are you coming along?

## 2.3 Why should the public sector think differently and work differently than before?

Finnish economy has declined especially strongly because of the international finance crisis and because of the steeper aging of the Finnish population when compared to the other EU countries. The sustainability of the public economy is the basis for the Finnish welfare state. Common and strong reformation measures are needed to protect the welfare model. The reforms must be more radical and faster than before.

The public government needs to have a stronger role in producing value that originates from customer and user orientation, the effective use of public resources and enabling new service innovations. The starting point of change is especially conceptual reformation and achieving new attitudes.

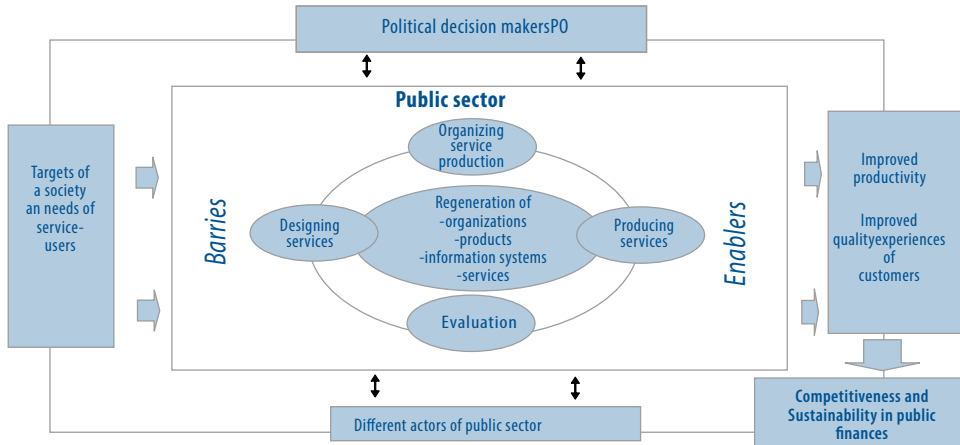
The creation of innovations is not an intrinsic value, but a way to produce benefits and value both to its producers and to users, improve productivity as well as create competitiveness, economic growth and wellbeing.

The current governance culture neither encourages nor rewards creating innovations. It does not utilize the citizen or other actors in the society in creating innovations either. In order to create innovations, the government must change its operational culture and operating methods.

Succeeding in challenges requires a good understanding of the whole public sector's innovation environment, good cooperation between the various operators and commitment to both clearing obstacles and making use of possibilities. Innovation prowess requires a man-

agement and operational culture that enables, encourages and rewards thinking and acting in a new way. Thinking and acting in a new way should also be included in the management system, or in how goals are set, how they are managed and how they are rewarded for.

**FIGURE 2. Innovation environment**





### 3 New public sector with innovation prowess

Innovation prowess is a characteristic of the entire organization. In an organization with innovation prowess, the operational culture gives space and possibilities for utilizing creativity. It is essential for the creation of innovations that particularly the organization's work atmosphere, structures and methods encourage bringing out ideas on all levels of the organization. Innovation prowess requires also a strategic vision of the whole picture and an understanding of entities.

Pekka Himanen has described an energizing work and management culture in his book *Kukoistuksen käsikirjoitus* ("The Manuscript of Glory") as follows:

"In an enriching community a person both objectively achieves more results and regards his or her work more meaningful and enjoyable. The ability of the management and work culture to create an enriching community is therefore a matter of both economic results and well-being at work. People in an enriching community have the will to encourage each other to do their best and the success of others inspires them as well."

Pekka Himanen uses the term "blunder-prevention culture" to describe an organizational culture that is marked by cynicism and the fear of losing face.

Bringing together different backgrounds and operational cultures is essential in the creation of enriching interaction. When ideas from different backgrounds come together, they bring about new kinds of ideas. When three factors - creative experts, producer-manager structures and the culture of creativity - are brought together, a dynamic that feeds itself is created. It is crucial that the operators interact with each other sufficiently.

The characteristics that are important for the creation of a government are following:

- the functional characteristics that are central to an innovation environment
- operational or administrative culture that views favourably upon reformation
- processes and practices that actively highlight and refine innovations
- a new kind of customer orientation, expertise, leadership and guidance
- strategic agility

### 3.1 The functional characteristics that are central to an innovation environment

Characteristics that support the creation of especially innovations and new ideas can be identified in an organization with innovation prowess. Some of these characteristics are already being evaluated in job satisfaction questionnaires. However, they rarely are goals that systematically are pursued and kept track of.

Dolphin Index, which is based on the research of professor Göran Ekvall and developed by Innovation Centre Europe Ltd, measures characteristics that are important to groups, departments and the innovation environment of the organization. The characteristics are measured from the following dimensions:

#### **Commitment**

- How committed to their work are the personnel in the organization and how do their duties encourage and motivate them?

#### **Freedom**

How much may the personnel themselves evaluate e.g. which tasks are important?

#### **Idea-support**

- How does the organization support and encourage bringing forward new ideas and improvement ideas?

#### **Positive relationships**

- Are the inter-personnel relationships positive, trusting and friendly or more negative (incl. hostility, arguments)?

#### **Dynamism**

- Is the work environment inspiring and dynamic or static and boring?

#### **Playfulness**

- Is there room for laughter and fun in the work environment? The opposite of a playful work environment is a strict and joyless environment.

#### **Idea-proliferation**

- Do other people in the work environment bring forward new and innovative ideas and different perspectives from their area of expertise?

#### **Stress**

- Do the people in the work environment have a heavy workload and are they possibly very stressed?

#### **Risk-taking**

- Environments that encourage this are believed to support faster implementation of new ideas. Organizations that get a low score typically have formal rules and strict operating models.

**Time for producing new ideas**

- How much time is there in the organization to create and develop new ideas?

**Shared view**

- How open and sufficient is the communication between different levels of organization? Organizations that score high are characterised more by the “us” and “we” atmosphere than “us vs. them” culture

**Positive feedback**

- Do personnel in the organization feel like they are being recognized for their achievements?

**Pay recognition**

- Are personnel satisfied with their terms of employment and their pay? Do they feel like they are fairly compensated or do they feel used?

Proposal for measures:

- *Ministries and the government should knowingly and purposefully begin strengthening the aforementioned characteristics of an organization with innovation prowess.*

## 3.2 Administrative culture 2.0

There is a long tradition of hierarchical administrative culture and secluded working methods. This kind of an operational culture has been brought forward in many reports, for example in the OECD’s Public Governance Review of Finland, Future Review of the Ministry of Finance and Sitra’s (the Finnish Innovation Fund) report on the tasks of the government. A strong culture of communal knowledge, a barrier-breaking mindset and a horizontal organization of working are needed to replace this tradition.

A new kind of governance culture makes the strengthening of the innovation prowess in an organization possible. Innovation prowess is created and flourishes in an operational culture where trust, multivoicedness, capacity to tolerate and take risks, tolerating uncertainty and expertise based on the unification of different skills are central components. Brave experimenting and best practices are needed as well. From the viewpoint of resources, the new kind of governance means moving from hogging resources to managing entities and allocating resources to reach a common goal in an optimal way.

Consensus orientation has also strong traditions in the Finnish society. However, it is not necessarily the best breeding ground for the search of new solutions. Experimental culture tolerates failures, which are viewed as a part of the process when striving for the best performance and new solutions.

The change in governance becomes concrete inside the organization by:

- creating space for new by abandoning and questioning the present ways
- building a favourable operational and leadership culture for innovation

- acting in a systemic way and by managing entities
- experimenting, allowing risk-taking and failure, and by learning from mistakes
- developing a new culture of expertise, knowledge and cooperation

The change in governance culture becomes concrete in the relationship with customers and interest groups by:

- creating new practices (the market, methods, products, services) together with the customers or the citizens and different interest groups
- making the process of creating value for the customer, user or citizen the starting point of the operations
- adopting customer and user oriented creation of operations and services
- uniting internal resources in order to maximize productivity and cost effectiveness
- actively utilizing networks and strategic partnerships.

The characteristics of traditional governance and characteristics that should replace them have been gathered in the following chart. These characteristics have been exaggerated on purpose.

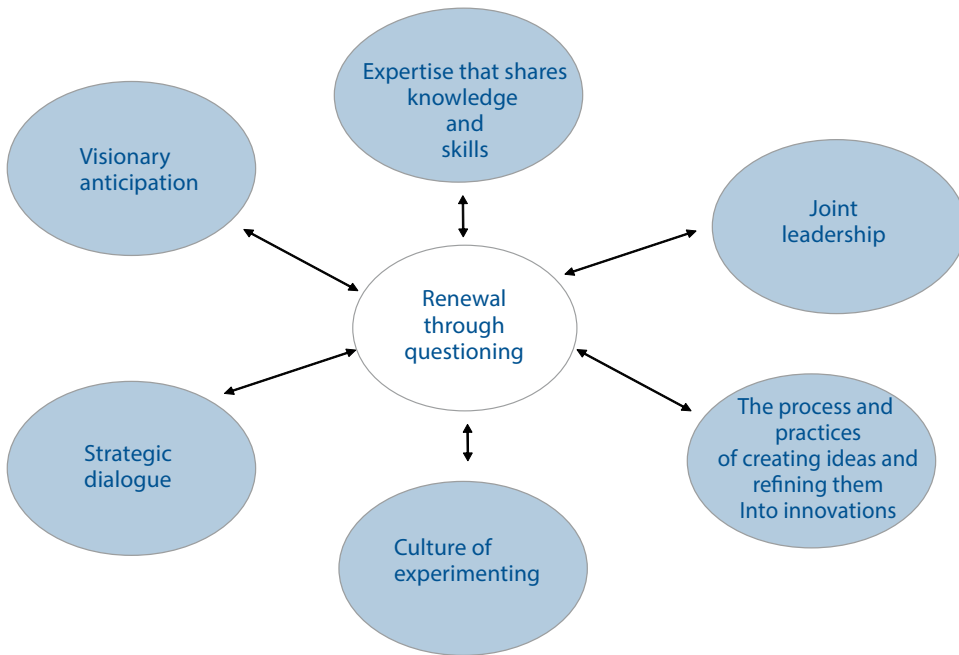
Traditional administrative culture and administrative culture that supports innovation prowess

**FIGURE 3. Towards a new administrative culture**

<p><b>Administrative culture 0.x</b></p> <ul style="list-style-type: none"> <li>• Unnecessary bureaucracy and systems orientation</li> <li>• Avoiding mistakes</li> <li>• The tradition of “one truth” and consensus orientation: “either or” mindset</li> <li>• Thinking of customers, interest groups and citizens as subser-vient</li> <li>• “Project hell”: everything is done with the same intensity and hurry is self-inflicted</li> <li>• Resource owning and hogging</li> <li>• Holding back information</li> </ul>	<p><b>Administrative culture 2.0</b></p> <ul style="list-style-type: none"> <li>• The courage to try new and get rid of old</li> <li>• Strategic agility</li> <li>• “Many truths” and “both and” -mindset</li> <li>• Debate, bringing forward different ideas and listening</li> <li>• Companionship and cooperation: engaging organization with customers and interest groups</li> <li>• Managing entities and strategic vision</li> <li>• Prioritizing</li> <li>• Separating resource ownership from achieving results</li> <li>• Sharing information</li> </ul>
<p><b>Management practices</b></p> <ul style="list-style-type: none"> <li>• Control and monitoring</li> <li>• Avoiding mistakes and punishing because of them, lack of courage</li> <li>• Authority loyalty or respect, hierarchies and work distribution</li> <li>• Incompetence in personnel management</li> </ul>	<p><b>Management practices / Leadership</b></p> <ul style="list-style-type: none"> <li>• Enabling leadership that is based on trust, which manifests itself in:</li> <li>• Self-management, in which people connect to what is important for them in their work and bring their skills to the use of the community</li> <li>• Shared leadership, in which personnel begin renewing their operational culture and themselves</li> <li>• Leadership, in which space is created for collective leadership beside line management</li> <li>• Highlighting the customers in operations and building services in cooperation with them.</li> <li>• (Source: Petrow &amp; Takanen: Kohtaamisen voima. The Power of Encounter. Sitra, the Finnish Innovation Fund)</li> </ul>
<p><b>How work is perceived and working methods</b></p> <ul style="list-style-type: none"> <li>• Strong highlighting of how different and separated work and free time are.</li> <li>• The domination of process orientated thinking and working: striving after working in the same way, standardizing, repeatability, effectiveness and flawlessness</li> <li>• Seclusion: high organizational, professional and mental barriers and hierarchies</li> <li>• Perceiving expertise as a characteristic and possession of an individual</li> <li>• Frustrating and ineffective meeting conventions</li> </ul>	<p><b>How work is perceived and working methods</b></p> <ul style="list-style-type: none"> <li>• Perceiving work as not depending upon time or place</li> <li>• Horizontality and cooperation</li> <li>• Experiments: prototypes and pilot projects</li> <li>• Learning from failures</li> <li>• Perceiving expertise as common property</li> <li>• Meaningful and multiform meeting conventions</li> </ul>
<p><b>Renewal and change</b></p> <ul style="list-style-type: none"> <li>• Institutional tradition of innovation operations</li> <li>• Strong leaning on the organization’s internal traditions, rules and professions</li> <li>• The self-purposeful implementation of development projects</li> <li>• The slowness of change</li> </ul>	<p><b>Renewal and change</b></p> <ul style="list-style-type: none"> <li>• Agile renewal through experiments</li> <li>• Proactivity and forward pose</li> <li>• Questioning and new perspectives in the analysis of current operations</li> <li>• Combining a preserving culture and an experimenting culture</li> <li>• Fast, phased, demonstrable and concrete changes</li> </ul>

### The components of a new administrative culture

The aim with a new administrative culture is renewal through the challenging of the current operations. Its building blocks are described in detail below.

**FIGURE 4: Components of a new administrative culture**

**Expertise that shares all information and know-how** is the most central dynamic of the new administrative culture. Traditionally, expertise is perceived as a characteristic and the property of an individual. The value of the *new expertise* is created by bringing knowledge and skills to common platforms. Shared knowledge is created and lives only in interaction. The challenges that we face and solve cannot be controlled by one field of business, organization or person.

Competitiveness and well-being in a global operational environment is based on the ability to utilize knowledge and the technological development. New technologies are characterized by intelligence, wireless solutions, mobility, remote work, interactivity, accessibility, ubiquity, virtual solutions, information intensity and longevity. The principles of internet economy - openness, peer support, sharing and international networking are characteristics that also reflect strongly on the reformation of the public sector.

The reformation that is happening in the public sector and the government concerns both the customers and interest groups of the public sector and the public sector itself. Part of the work and services of the public sector are moving more and more to the internet and work is being done more and more remotely. The boundary between work and free time is mixed and loses its meaning. It is a great challenge to find out how attitudes and methods can be changed so that new technology can be fully utilized. The possibilities that modern technology has granted should be utilized better than they currently are in the sharing of knowledge and expertise. The public sector should move from how the work was organized

in the industrial age towards a modern way of organizing the work and modern leadership, made possible by modern technology.

Mika Pantzar and Ilkka Halava present the following perspectives that should be considered also in the public sector, in their book *Kuluttajakansalaiset tulevat - miksi työn johtaminen muuttuu* (Consumer citizens come – why does management / leadership change):

“Top performance is based on great autonomy and systematic development of skills in addition to functional relationships. The most motivating factors at work are autonomy, the possibility to constantly develop one’s own skills and human interaction. What will happen if the spontaneous attitude that strives after creativity pushes itself into working life?”

“Leadership and working culture are transformed when moving from the working life of a producer that highlights work’s *instrumental character* towards the working life of a consumer that highlights the *significance* of the work. The working life must begin to understand free time and the idea of a good life as well and adjust its practices accordingly. Why should work differ significantly from life in general?”

**Joint leadership**, new kinds of companionships and close networking with customers and interest groups are central sources of innovation.

The following characteristics and development stages illustrate joint leadership:

- Target-orientation: management by results => scorecard management => vision management
- Taking responsibility: commanding => delegation => commitment
- Taking part: engaging => taking part => joint development
- Diversity: uniformity => diversity quota => genuine diversity
- Transparency: line organization => matrix organization => network organization  
(Source: Results of a questionnaire carried out by Fountain Park 20.1.2011)

The public sector should develop its operations towards leadership and organization that is based on networks and authentic companionships. This has been already done on many levels: previous government policy programmes and the government’s strategic implementation plan that was taken in use during Jyrki Katainen’s government are examples of efforts to increase horizontal cooperation on government level. Different and functional practices and operating models should still be looked for and developed.

**The process and practices of creating ideas and refining them into innovations** are needed to get new ideas come up and be processed and refined into innovations that develop operations and services.

The culture of experimenting is an important part of the new administrative culture. The experiments of the government are often characterized by slowness and longevity. Better ways of experimenting and testing new practices are needed in the government.

The duty of the public sector is to organize and uphold the functions that are important for the society and to develop them so that they are cost effective and direct tax revenues as

well as possible. An important duty of the government is to ensure that the legal protection of citizens is fulfilled in its different forms. From the viewpoint of these duties, the government has traditionally valued effective execution and development of functions that are process-orientated, linear and repeatable. This works in processes and environments that are relatively stable and in which occurrences are easily predictable.

However, the current working environment transforms very quickly. This concerns especially questions regarding economy and employment situation as well as age structure development and how these reflect in the national economy, the functioning of the society, services and all citizens. Changes require many reforms from the public sector as well as better identification and prediction of phenomena and trends. Better reaction time in states of change and the preparation of issues in different forums.

**A concept of strategic dialogue** well describes the new kind of relation between ministries and agencies as well as new kind of relations within the organisations where working culture is based on dialogue.

Strategic dialogue requires among others:

- visionary thinking
- commitment to a common goal
- common discussion forums
- a horizontal grasp on things that does not depend on hierarchies in structures, methods and attitudes.

Strategic dialogue should be increased on all levels of the public sector. There should be support for shared discussion on the government level, between ministries, inside government branches and with customers and interest groups. Creating a shared view of the entity is central.

**Visionary anticipation** is an increasingly important part of the preparation process of all matters. The problems of the future cannot be solved with today's methods. When the operational environment becomes harder to anticipate, there must be strategic sensitivity to identify weak signals and flexible structures that utilize knowledge and skills that is all around the organisation. Information should not be held back, it should be available to all those who need it and it should be refined into different applications in interaction with other operators.

The government is preparing a strategic research and evaluation plan that supports the government's strategic implementation plan. The goal is to strengthen the horizontal guiding of research, prediction and evaluation actions, improve the basic information in decision-making, as well as develop methods of relaying information on research, prediction and evaluation to the decision makers and the society. The Government Foresight Network performs similar tasks. Both these forums have an important role in building a government that is based on information management. Such forums and operations should be developed in all ministries and the public sector in future.



Proposal for measures:

- The creation of a new kind of administrative culture should be promoted actively and target-oriented in the public sector.
- The following things should be highlighted in the creation of a new kind of administrative culture:
  - o the courage to try new and to get rid of old
  - o strengthening of strategic agility
  - o supporting multivoicedness and different opinions
  - o encouraging new partnerships
  - o support for moving the emphasis from resource ownership to results and information sharing.

### 3.3 Customer-orientation, expertise, leadership and steering

A **new kind of customer-orientation** in the public sector means that the users of public services are utilized as resources that are essential for the reformation of services and the creation of innovations. It is essential to learn how to utilize widely all the knowledge and resources in the society when solving problems of the public sector and creating service innovations. The role of the users is reinforced by increasing their freedom of choices, understanding their expectations and needs more deeply and by giving the users the possibility to affect the planning and production of services.

The value of services for the customers and users of services is created in an interactive process. It is important to refine *customer information into customer understanding* and a part of the strategic and operative development. The operational culture, decision-making structures and methods that support the utilizing of customer understanding must be developed. Customers and interest groups may take part in the organization of matters, including the strategy process. Administrative consultation procedures are being increasingly left in the background as cooperation and real-time influencing are favoured.

Knowledge is expanded and diversified in cooperation with customers and interest groups. Customer and interest group relationships and different networks should be utilized better than they currently are as a resource in increasing the mobility of public servants as well.

Creating innovations requires a **stronger culture of sharing information** and a culture of common skills from the experts. It should be possible to use and relay information across administrative organization and sector borders and even outside the government. It is more probable that people who use, plan and organize different functions and services bring forward new ideas and solutions if the information is available to everyone.

In order to create an innovative operational culture, the guidance system should promote systematic change in the government.

Management by results is the tool used to steer the accomplishment of the common goals of the government and the achievement of needed changes. . Management by results and the management agreements are therefore an essential tool in strengthening the innovation prowess of the government and in the implementation of new operating models.

Leadership has an important role in the creation of an innovative operational culture. The organizations leadership is responsible for the operations, the creation of a strategic overview and the completion of changes. The leadership is also responsible for the development of modular organization structures that are flexible if needed instead of structures that seclude the operations strongly. In an innovative operational culture, leadership is based on common goals, cooperation and shared leadership.

Leadership frees the people to renew the operations effectively and to develop themselves and their work unit as based on their own initiative and in a self-guided way. Instead of controlling and monitoring, the role of the management is to promote shared success with both the customers and the personnel.

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41b/2011  
Ministry of Finance publications  
September 2013

ISSN 1459-3394 (print)  
ISBN 978-952-251-498-1 (print)  
ISSN 1797-9714 (pdf)  
ISBN 978-952-251-499-8 (pdf)