

## **INTRODUCTION TO THE SPECIAL ISSUE ON INNOVATION IN LOCAL GOVERNMENTS**

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### **INTRODUCTION**

The theme of innovation attracts attention because it is perceived as a way to address important challenges, from being more capable to satisfying customers' needs, to increasing internal efficiency. The attractiveness of innovation is strong in the public sector; in Local Governments (LGs) in particular, where innovation has sometimes been driven by financial constraints. This level of government has witnessed ongoing change in the last decades and in many countries around the world LGs have been asked to do more with less. In fact, LGs have been given an increasing number of functions and, at the same time, have experienced a reduction in their available resources. For these reasons, the need to innovate has become an imperative; however, in some cases implementation of innovative strategies is lacking in this important segment of the public sector. At the same time, innovation may take several forms and what is innovative in one specific context might not be innovative in another one.

The three papers in this edition provide different perspectives on the process of innovation in local government. They are the outcome of an ongoing collaboration over the last decade between Martin and Spano across a range of public sector management research (Martin & Spano 2012, 2015, Spano & Martin 2018). In 2015 Martin was a visitor at the University of Cagliari, Sardinia, working with Spano on comparative research as well as teaching on their public sector management program. These papers are not intended to be comprehensive of the many perspectives on innovation in the public sector. There is an extensive literature in place, for example, see Borins 2002, 2014, for an overview. They are the result of discussions with Italian colleagues exploring innovation in particular aspects of public sector management in their country.

The Martin and Spano paper reflects their interest in frameworks that will help public sector managers create an environment for innovation to flourish. Martin has previously undertaken applied research in Australian local government in order to identify the factors that were found to create innovative work environments on the back local government reforms in that country over the last three decades. He continues to apply the framework outlined in this paper as it has proven to be a helpful framework for team development in Australian local governments.

The Guarini and Pattaro paper addresses a fundamental issue in intergovernmental financial relations; how can sub-national governments balance their exposure over time by cooperating with other sub-national governments under the management of the central government. Notwithstanding the benefits of this idea Guarini and Pattaro reveal that many other factors to do with government financial reporting: local differences not captured by reporting systems and the need to meet central government fiscal goals, for

example, challenges innovation. They provide a critical analysis of a financial innovation which was the response of Italian LGs to reduce the effects of financial constraints from central government. The paper reveals that, notwithstanding financial administration and management rules, local parochial practices guarded participation and detracts from the overall effectiveness of the strategy. They conclude that ‘the governance effects of inter-institutional relationships within and between governmental levels’ were also a stumbling point to implementation. Had this not been the case it was more likely that the program would have provided better outcomes than was the case. They also call for more research on the effects that financial innovation may have on governance mechanisms in the context of multi-level government.

The Monfardini and Ruggiero paper looks at a well-known innovation, the adoption of an ‘ecopass’ for the central area of Milan in order to reduce traffic air pollution. They pose an intriguing question at the beginning of their paper: “Can an innovation in public sector be also respectful of the will of the citizens?” They show how the results of an innovative project were achieved through a long process to get citizens engaged. The paper also shows that innovation is built over time and is sometimes the outcome of projects that take advantage of previous initiatives that paved the way for innovation. While the innovation was not overtly designed to reduce traffic congestion this was also expected, the Monfardini and Ruggiero research found. As cars were replaced with less polluting vehicles over time more people returned to drive into the centre of Milan. This case demonstrates that innovation can have unintended consequences not realised at the time conception or implementation.

All organisations are changing over time, whether through their own initiative or as follows of innovation developed by others. This is no less true of the public sector as it is of the private sector. The early adopters come out of organisational cultures reflecting the characteristics discussed in these papers. The leadership literature shows the way in creating such organisational cultures. Heifetz (1995) and Kouzes and Posner (2016) show that success and effectiveness comes when those in authority create the context for others to shine.

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