

PUBLIC SECTOR INNOVATION FOR THE MANAGERIAL AND THE POST-MANAGERIAL ERA: PROMISES AND REALITIES IN A GLOBALIZING PUBLIC ADMINISTRATION

ERAN VIGODA-GADOT, AVIV SHOHAM,
NITZA SCHWABSKY, AND AYALLA RUVIO
UNIVERSITY OF HAIFA

ABSTRACT: *This article¹ deals with the fuzzy concept of organizational innovation in public sector domains. While it is not the first attempt to bring organizational innovation into the realm of public administration, the article provides a broader understanding of innovation in modern bureaucracies and points to some empirical efforts that may accelerate post-public managerial reforms. This understanding builds on a system approach and on existing knowledge about innovation—its characteristics, antecedents, and consequences as they have been previously encountered in the private business arena. We suggest that this knowledge should be treated as another key element of New Public Management (NPM) doctrine and the reinventing government paradigm that have dominated discussions in this discipline in recent years. The article presents a clearer perception of the innovation process, its unique meaning for modern bureaucracies, and its potential evolution into reform-seeking governance. We conclude that innovative bureaucracy is not necessarily a self-defeating concept. Bridging the gap between the promise and the realities of innovation has never been an easy task. Turning ideals into realities is still a major challenge facing public administration reform, now and for the foreseeable future.*

The concepts of innovation and bureaucracy seem to be almost mutually exclusive. Much of the criticism of bureaucracy is that it does not suffer innovation gladly. Bureaucracies of various types and in many cultures are more comfortable with conservative work patterns. They tend to follow strict rules and methods that have proven to work reasonably well in the past and are reluctant to replace them with new, unconventional techniques and ideas that may seem risky or complicated. While this cautious attitude is true for almost

Direct all correspondence to: Eran Vigoda-Gadot, Division of Public Administration and Policy, School of Political Sciences, University of Haifa, Haifa 31905, Israel. E-mail: eranv@poli.haifa.ac.il

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every organization, bureaucracies need to overcome another hurdle on the road to effective renewal. This barrier is the mindset of public officials as policymakers and citizens as end users. For many years bureaucracies did not need to compete in the free market arena, and therefore no real pressure was put on them to update their services and become involved in the reinvention game (Thompson and Ingraham 1996). Competition, which is the leading motivator for innovation in the private sector and in a free-market society, was perceived as less significant for old-style bureaucracies. In addition, changes were stymied by the reluctance of public sector leadership to become involved in extensive innovative projects.

Similarly, innovation is perceived as an engine for modernization. It increases competitiveness in large companies, smaller organizations, and even nongovernmental organizations such as VNPOs (voluntary and not-for-profit organizations) by making them more flexible and responsive to market needs. However, innovation and bureaucracy seem to make an odd couple (Borins 2001). In fact, many of the values we associate with bureaucracy—hierarchy, specialization, and impersonality—stand in sharp contrast to the flexibility, adaptability, creativity, and risk taking we associate with innovation in modern organizations. Nonetheless, organizational innovation lies within the very fabric of modern societies. The development and improvement of public agencies is largely inspired by the willingness to make important changes at the right time and place (Rogers 1983). Just as the private sector has recognized innovation as the driving force behind remaining competitive, so too must public sector organizations realize that only through innovation can they continue to grow and develop.

Hence, it is quite surprising to find that the topic of innovation has played only a minor role in the discussion about the renewal of public administration. Moreover, the vast body of knowledge about innovation, entrepreneurship, and proactiveness in business management has never been used extensively in public management. Thus, the prime goal of this article is to suggest a broader understanding for the study of innovation in modern bureaucracies and to point to some empirical efforts that may accelerate post-public managerial reforms. We first review the current status of research in this arena and then go on to argue that innovation should be treated as another key element of New Public Management (NPM) doctrine and the reinventing government paradigm (Berry 1994; Hood 1991; Pollitt and Bouckaert 2000). Furthermore, we contend that while theories about private sector innovation are extensive and well established, the same knowledge is not always transferred (or transferable) to modern bureaucracies. While in recent decades innovation has received some attention in public administration and public policy literature, it has not been fully integrated with the NPM approach. Therefore, its impact on current reforms is still marginal.

Our logic is based on the system approach towards organizations and its integration with political theories of bureaucracies, as well as with business approaches for managing these work sites (Damanpour 1991). We then go on to present a detailed model of innovation in the public sector that builds on three elements: (a) conventional knowledge about public sector innovation and its characteristics, (b) antecedents of and preconditions to public sector innovation, and (c) consequences of innovation as previously encountered in the private business arena. In many ways, our strategy follows the call for reinventing

government (Osborne and Gaebler 1992) and the impressive efforts to reform the public sector that have been undertaken in the U.S. and across the globe using a business-oriented theory and methods. The article also analyzes current trends in NPM thinking in an attempt to pinpoint where new frontiers in this realm may arise. We argue that a more solid, systematic, and empirically oriented understanding of innovation can be used to reform our governmental structures and administrative processes, and by so doing to revitalize modern bureaucracies, communities, and societies.

DEFINING INNOVATION IN THE DOMINION OF STATE AND BUREAUCRACY

Rogers (1983, 11) defines innovation as “an idea, practice, or object that is perceived as new by an individual or another unit of adoption.” In the context of states, governments, and bureaucracies he further cites Benjamin Franklin who claimed that “to get the bad customs of a country changed and new ones, though better, introduced, it is necessary first to remove the prejudices of the people, enlighten their ignorance, and convince them that their interests will be promoted by the proposed changes; and this is not the work of a day.”

In fact, most writings on the topic assume that innovation is by definition good and that increased innovation is better for organizations and society (Kimberly 1981). Consequently, managers and politicians are usually urged to increase innovation in any possible way. However, other views dispute this assumption, arguing that some innovations have harmful effects that negate whatever benefits they bring. Bureaucrats usually warn against the bad side of innovation and prefer to maintain old but good managerial mechanisms, tools, and processes. Indeed, the same innovation may be suitable for one adopter in one situation or arena but unsuitable for another in a different situation or arena (Rogers 1983), and many innovations become harmful only with the passage of time (Abrahamson 1991; Kimberly and de Pourville 1993). Thus, it is necessary to examine innovations in the proper environmental context, cultural landscape, and over a period of time. Moreover, the emergence of an innovative idea may differ substantially from the complete innovative process.

The evolution of a creative idea into a practical organizational change is usually classified as an innovative process. An ideal type of a good innovative process is characterized by the strong motivation of individuals, groups, and organizations to acquire new information and increase their sources of knowledge about a relevant problem in order to stabilize a turbulent social system. It also involves conceptual openness, pragmatism, and practical methods that can turn a promising idea into an ongoing productive change. Nonetheless, there are many valuable ideas, promising reforms, and change-seeking actions in public administration that fail to have any level of success. When such a process pits the public good against the conflicting interests of political players, the social cost of this unsuccessful innovation exceeds one's wildest imagination. Putting it other way, when we compare the consequences of ineffective innovation processes in the public sector with other ineffective innovations in the private sector, the costs of the former seem to exceed those of the latter.

Yet, what are the reasons for such failures? Can we provide reasonable explanations for the various shortcomings of public policy and management that stymied innovation when all the signs clearly indicated a need for change? What are the theoretical tools that can enhance such understanding? Can these explanations contribute to better practical innovative dynamics for bureaucracies in the future? These questions are of the utmost importance for the field.

ANALYZING INNOVATION IN THE FACE OF PAST BUREAUCRATIC EXPERIENCES

Innovative ideas and policies in the public domain face a complex set of barriers and obstacles. Some examples may provide a clearer picture. The first, a relatively simple one, was presented by Rogers (1983), who referred to it as a classic example of public administration and policy. A lack of adaptiveness to clients' needs caused the failure of a two-year water-boiling campaign conducted in a Peruvian village. This campaign was aimed at creating a more hygienic environment and reducing the number of illnesses and diseases among the population. From the viewpoint of the public health agency, the task was simple. However, the results were very poor due to a lack of understanding about critical cultural factors. The villagers' local tradition links hot foods with illness. According to the village norms, water boiling was used only to help the sick and the less capable. The innovation agents complied with public organization procedures and routines, but their evaluation of the problem failed to take culture into account. In this illustration, cultural factors prevailed over the innovative process simply because the latter was not flexible. A rigid bureaucratic model of policy implementation was bound to fail.

Other illustrations are even more explicit. Hobby (1985) shows how nearly two decades were needed to bring one of the most important discoveries of mankind, penicillin, to a successive finale. Penicillin was discovered in 1928 by Alexander Fleming, but it took until 1946 for it to become available for widespread clinical use. Beyond the influence on public health, can anyone imagine the loss in benefits for science, technology, and public health during these years? Historians as well as public administration scientists agree today that much of this delay was due to the negativity of the scientific community, whose skepticism and unwillingness to accept a major innovation hindered the widespread dissemination of this lifesaving drug. Obviously, a lack of adaptability to the environment and an over-reliance on bureaucratic tradition impeded a top-priority innovation. A paradigmatic revolution (Kuhn 1962), this time in the field of medicine, was delayed once more, with vast human and social consequences.

Another interesting example of innovation from the field of public health was the AIDS problem in the 1980s. Rogers, Dearing, and Chang (1991) analyze this issue using the agenda-setting perspective and mass-media model according to which an innovation process must diffuse over time. The innovation must diffuse, cross a sociopolitical firewall, and gain public recognition before finally resulting in adequate public policy that works. In this case, relative success in controlling AIDS was achieved, but not before a large population was exposed to excessive risks. The first published scientific account of a mysterious new disease was on 5 June 1981 (Centers for Disease Control 1981). While the

information about the disease was not complete, a relative consensus existed among experts that it was carried in the blood and could be transferred by it. However, it took four more years for the issue to receive major coverage by the American media, with the hospitalization and death of movie star Rock Hudson from AIDS (July to October 1985). It was not until 4 February 1987 that a federal health official recommended widespread blood testing, including mandatory testing for some cases (e.g., all applicants for marriage licenses and everyone who was hospitalized). Again, conservatism, complaisance with current knowledge, and unresponsive bureaucratic mechanisms postponed vital measures that could have saved human lives.

PANDEMICS OF INNOVATION IN THE PUBLIC SECTOR

According to Rogers, Dearing, and Chang (1991) the core problem of innovation is, therefore, not creativity. Many good ideas are delayed or vanish due to their lack of adjustment to the environment. When public administration agencies are involved, bureaucracy and red tape become barriers to innovation. Bureaucracy relies on old organizational models (tradition, vertical communication channels, compliance, order and control) rather than on new ones that represent creativity, commitment, the mixed flow of communication, autonomy, and responsibility. Successful innovation is self-defeated when grounded in the classic bureaucratic model (Golembiewski and Vigoda 2000). Similarly, fostering innovation in public management must engage counter-bureaucratic activities to overcome traditional conservatism. A system-based approach and new managerial thinking, as presented in the next sections, may provide the right tools with which to overcome such barriers.

The examples above of innovative processes illustrate the powerful conflicts between the old and the new. The challenge of creating successful innovation in any organization, despite and regardless of many barriers, is immense. Public organizations, where wider social considerations are also involved, face even more complex tasks. Many obstacles must be removed before a creative idea realizes its full potential. Among these obstacles scholars emphasize cultural differences and red tape as the most significant and powerful (e.g., Kimberly and de Pourville 1993). Individuals and organizations tend to oppose rapid changes that contradict their cultural orientations. In a public sector sphere, where the tradition of past knowledge, experience, and conservative institutional solutions strongly influence managers' decisions, such a resistance to creativity and change is widespread.

Beyond such cultural barriers, bureaucracies are much less amenable to transformation and to innovation due to their complicated and inflexible organizational design and increasing red tape. The internal structure of classic public organizations is based on vertical communication channels that are ineffective, dogmatic decision-making mechanisms, and other rigid constructs that restrain the innovative process (Golembiewski and Vigoda 2000). Therefore, the classic, old style-version of public administration is frequently incompatible with innovation.

Much support for these arguments can be found in a series of works by Borins (1998, 2000a, 2000b, 2001). According to his view, the traditional situation in the public sector prevents these bodies from becoming more innovative than they are. A handful of reasons

are presented to support this claim. For example, innovations developed by public servants are generally government property; public sector organizations are funded by legislative appropriations; there are no venture capitalists to fund public management innovations; there is no shared ownership; and the salary system is fixed-based with minimal linkage between productivity or innovation and compensation. Moreover, the consequences of unsuccessful innovations are grave. The level of criticism, by the media and by the political opposition, toward the government's failure to implement innovations is high. All of these reasons encourage a static bureaucracy that is much less innovative than similar organizations in the private sector.

THE INNOVATION PROCESS IN PUBLIC ADMINISTRATION: SEARCHING FOR REMEDIES IN THE EVOLVING SYSTEM-BASED APPROACH

One way of breaking through conservative views towards innovation in the public sector is by following a system-based approach. Figures 1 and 2 provide a general understanding of this approach not only in the broad context of organizations, but also in the classic public administration arena. This line of thinking has proved useful in studies of innovation in the business arena, and it coheres well with recent trends in NPM and neo-managerialism in state agencies (Terry 1998). Recently, Borins (2001, 312) identified several criteria for successful innovations in the public sector and specifically recommended the system approach as a useful mechanism for studying the field.

The system-based approach as presented in figure 1 consists of three essential elements and a supplementary control element. The first three elements are (a) conventional knowledge about innovation, its characteristics and transformation; (b) antecedents of and pre-conditions to innovation; and, (c) consequences of innovation as previously encountered in the private business arena. The additional element is feedback, learning, and innovation adjustment. In our globalizing and learning-oriented society bureaucracies must improve the feedback element, as it lays the groundwork for multilevel cooperation, cross-sectoral collaboration, cultural vitalization, and a change of attitude by leaders, innovators and entrepreneurial public officials, and citizens alike.

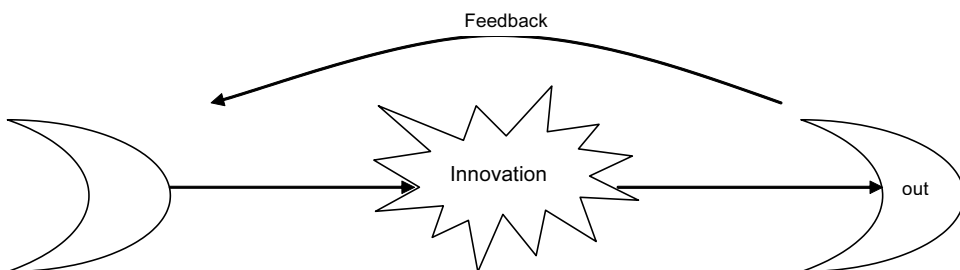


FIGURE 1. Basic System Approach to Innovation

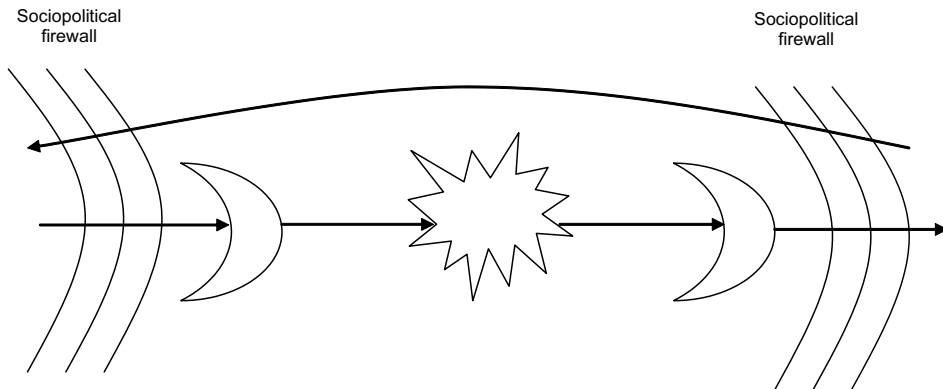
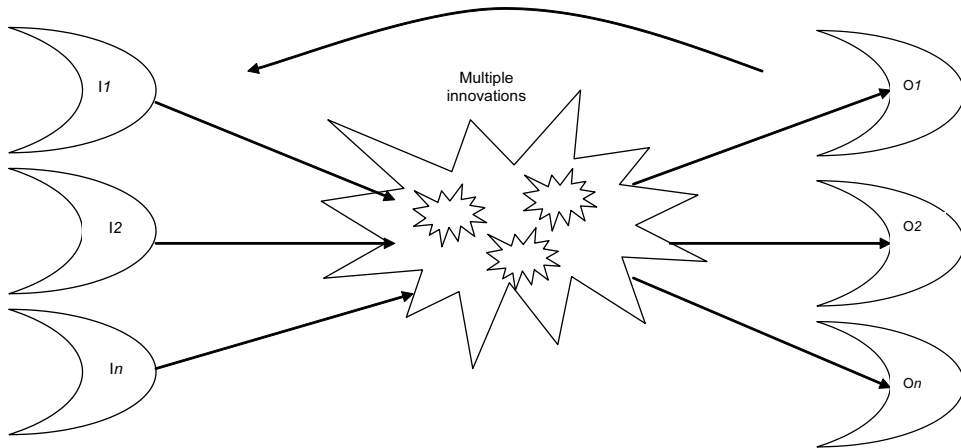


FIGURE 2. Innovation in Classic Public Administration

Innovation in Public Administration: Characteristics and Transformation

Figure 2 suggests that the implementation of the general system model of innovation in classic public administration involves breaking through serious sociopolitical firewalls. For many years public sector agencies have not looked beyond policy problems of the past, and have failed to predict future developments and the need to transition in a rapidly changing environment. Rogers (1983) suggested that the social and political barriers these agencies faced were overwhelming and led to an early collapse of any innovative effort. This firewall is comprised of old values and perceptions, along with a reliance on conservative managerial tools, methods, and political rules that appear to have produced reasonable outcomes in the past. In support of this view, a recent study by Peled (2001, 189) defined public innovation as “a political process that propels organizations to launch a significant new public project that alters rules, roles, procedures, and structures that are related to the communication and exchange of information within the organization and between the organization and its surrounding environment.” Thus, the innovation process in modern public domains is complex, as it is rooted in political decisions and considerations that heighten the firewall against proactiveness and creativity and smother promising potential services.

Further, figure 3 suggests that modern societies need to adjust to multiple sources and preconditions for innovations as well as to their manifold consequences. A look into the world of modern innovations will find a multivariate picture based on antecedents to and outcomes of innovation, its multilevel analysis (individual, group, organizational, or inter-organizational), stages of innovations, characteristics of innovators, types of innovations, and disciplinary focus of analysis (Peled 2001). The theory of innovation in the business sector has contributed useful knowledge in this regard. Today, this theory covers a variety of possible antecedents and outcomes that are best reflected in the system-based model (i.e., Damanpour 1991; Stewart and Roth 2001). In the next sections we argue for the solidity of the system-based model and its applicability to public domains. Our rationale is



I_{1-n} : Information generation and dissemination, responsiveness and organizational learning capacity, internal communication, organizational conflict and politics, organizational structure, formalization, centralization and participation in decision making, reward system, managers' attitudes towards change, top managers' support and vision.

O_{1-n} : Individual factors (e.g., organizational commitment, esprit de corps, job satisfaction, job stress and burnout) and organizational/policy factors (e.g., organizational performance, policy outputs and outcomes, financial stability).

FIGURE 3. Innovation in the Modern Business Arena

rooted in contemporary private sector knowledge that paved the way for the current NPM doctrine.

Antecedents to Innovation in the Public Sector

The tradition in the business sciences views information management as the first determinant of innovativeness. Specifically, the theory deals with information generation, information dissemination, organizational responsiveness, and organizational learning (Deshpande, Farley, and Webster 1997; Kohli and Jaworski 1990; Narver and Slater 1990). Information generation is defined as "organization-wide generation of market intelligence pertaining to present and future customer needs" (Jaworski and Kohli 1993, 54). In the public sector domain, citizens as customers can be external or internal users of a given service. Information dissemination is the diffusion of intelligence across departments and individuals. Such dissemination refers to information's move through the organization with the support of managerial leadership (Borins 2002). The third facet requires that organizations be responsive to the information generated and disseminated, where responsiveness is defined as two sets of activities: design (using information to develop plans) and implementation (executing the plans). Moreover, in light of the cultural firewall (Rogers 1983; Rogers, Dearing, and Chang 1991), various studies suggest that the link between information management and organizational performance is not country spe-

cific and should be studied in models that look at policy learning in a globalizing public sector, beyond cultures and regions (Levi-Faur and Vigoda-Gadot 2004). Such learning is enhanced by an organization-wide, shared interpretation of the acquired and disseminated information (Argyris 1977; Senge 1990). Consequently, the way organizations manage information can affect learning, and, through it, innovativeness (Slater and Narver 1995).

Another important construct that may serve as an antecedent to innovation in the public sector is intraorganizational conflict and politics. Organizational politics reflects both the level of conflict and the use of power by organizational members in their efforts to influence others and secure interests, or, alternatively, to avoid negative outcomes within the organization (Vigoda-Gadot 2003b). Studies that focused on workplace politics and conflict (i.e., Cropanzano et al. 1997; Ferris, Russ, and Fandt 1989; Kipnis, Schmidt, and Wilkinson 1980) suggested that it strongly reflects fairness and justice in the organization. The findings of these studies supported the notion that politics, fairness, and justice have substantial negative impacts on the organizational climate and outcomes (Ferris and Kacmar 1992; Folger, Konovsky, and Cropanzano 1992; Kacmar and Ferris 1991; Vigoda 2000, 2001). As such, organizational politics may potentially reduce innovativeness and creativity in any organization, including those of the public sector (Golembiewski and Vigoda 2000). Moreover, interpersonal or interdepartmental communications may also be harmed by higher levels of conflict and politics in the organization. Public sector agencies are exposed to more conflict and politics, mainly due to the nexus between the professional cadre and the political cadre that too often have diverging interests and visions (Vigoda-Gadot 2003b). This antipathy may result in reduced information dissemination, lower levels of responsiveness to citizens' needs and demands (Ruekert and Walker 1987), and decreased organizational innovativeness (Jaworski and Kohli 1993).

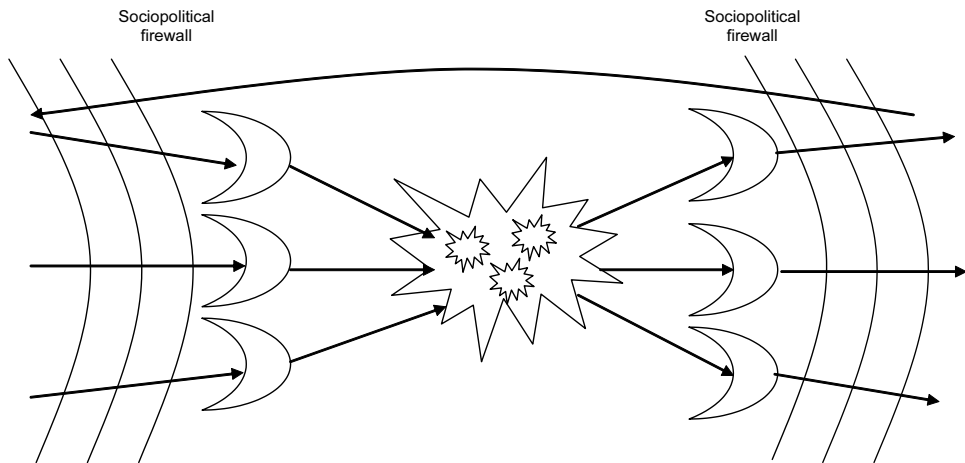
Antecedents to innovation in the public sector must also look at the structure of the bureaucracy and especially at formalization, centralization, and participation in decision making. The first two facets are expected to hinder innovativeness (Damanpour 1991; Slater and Narver 1995). Formalization and centralization conspire to reduce market orientation and, through it, to reduce innovativeness (e.g., Deshpande and Zaltman 1982). In contrast, employees' participation in decision making should affect public sector innovativeness positively. According to Muczyk and Reinmann (1987) high levels of employee participation in decision making are typical for directive and permissive democratic leadership behavior, which combines participatory management with high and low levels of leadership direction, respectively. Permissive democratic leadership relates to innovativeness in that "it is appropriate when participation has informational and motivational value, when time permits group decision-making, when the employee group is capable of improving decision quality . . ." (Dunham and Pierce 1989, 560). These conditions appear to characterize the innovation context. Thus, participatory decision making and employee empowerment should enhance innovation in modern bureaucracies, as it does in the business sector. Finally, in general, organizational reward systems should be tied to the desired end-goal of the organization and to efforts exerted by public employees. Specifically, rewarding desirable organizational innovativeness should motivate public employees to become more innovative and creative (Selnes, Jaworski, and Kohli 1996).

Beyond these factors, top public management also plays an important role in instituting any organizational change (Moon 1999). Management's attitude towards change and their willingness to take risks is one such facet that may affect innovativeness. The risk-adverse mindset that is so typical of many state-controlled agencies might reduce innovativeness, whereas a risk-oriented one might enhance it (Damanpour 1991; Rose and Shoham 2002; Shoham and Rose 2001). In addition, top management's support has been identified as critical to the success of innovation (Jaworski and Kohli 1993; Kohli and Jaworski 1990; Selnes, Jaworski, and Kohli 1996; Webster 1988). The stronger the top managers' support, the better chance that the innovation will be adopted. Finally, top management's vision in the public sector should stress innovativeness in order to make its importance apparent to all employees. Various studies in public administration have illustrated the importance of managerial vision and entrepreneurship in setting a clear policy strategy and implementing long-range planning (Berry 1994; Evans 1996; Moon 1999; Thompson and Ingraham 1996). Just recently this view has been reiterated following the September 11th events in New York and Pennsylvania (Sloan 2002).

Innovation and Its Consequences in the Public Sector

Compared to the vast theoretical models and empirical research on the antecedents of innovativeness in and around the public sector, the research on its consequences is relevantly scarce. Most of the existing research on this theme focuses on the effect of innovativeness and innovation adaptation on organizational performance (e.g., Frambach and Schillewaert 2002). Research conducted from this perspective sees public sector innovation and innovativeness as an organizational strategy aimed at enhancing the organization's competitive advantage and performance. For example, Miles et al. (1978) have suggested that organization prospectors were conceptualized as having high levels of innovativeness, creativity, and aggressiveness. Thus, two types of outcomes are relevant for the public sector—the individual and the organizational.

The first type is largely behavioral and relies on attitudinal variables such as organizational commitment, esprit de corps, job satisfaction, job burnout, and other situational factors (Rose and Shoham 2002; Shoham and Rose 2001). As part of this individual level analysis, Jaworski and Kohli (1993) examined esprit de corps and organizational commitment as consequences of a competitive market orientation that gives rise to a unifying focus and vision, resulting in a sense of mission, belonging, and commitment to the organization or the public agency (Kohli and Jaworski 1990). By extension, public sector innovativeness may also benefit esprit de corps and organizational commitment, as it makes modern public work sites more challenging and appealing to highly qualified staff and public servants. Moreover, innovation may lead to improved work conditions and benefits for public employees, either socially or psychologically. Public agencies that innovate may increase the levels of job satisfaction among employees, and reduce their emotional exhaustion and burnout (Grandey 2003). On the organizational/policy level, studies have focused on organizational outputs and outcomes as reflected in their performance. Studies have shown that innovativeness enhances both innovation performance and the general performance or policy success of the organization (Deshpande, Farley, and Webster 1997;



The sociopolitical firewall: Intra- and extra-organizational culture (basic assumptions, norms, and values), national political agenda, socialization, technological development.

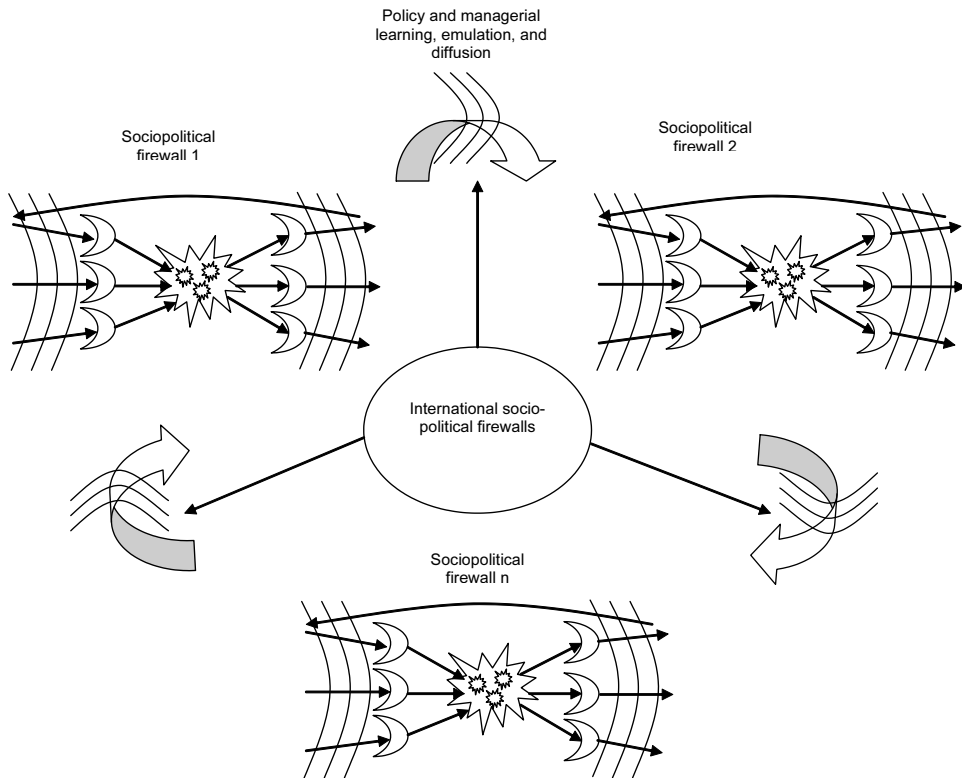
FIGURE 4. Innovation in New Public Management

Jaworski and Kohli 1993; Narver, Jacobson, and Slater 1993; Narver and Slater 1990; Pelham and Wilson 1996; Selnes, Jaworski, and Kohli 1996).

Finally, as figure 4 suggests, modern public agencies need to simultaneously handle various types of innovative ideas and processes on a multi-level scale (i.e., at the level of the individual, the unit, and the entire organization). Multiple antecedents as presented above are influential as well, but they also need to break through a serious sociopolitical firewall (Rogers 1983). This firewall is based on intra- and extra-organizational culture and political conditions. It draws its substance from the unwritten rules of bureaucratic culture, its basic assumptions, norms, values, and artifacts (Schein 1985). Moreover, we should actually speak about multiple firewalls and barriers in the shape of various interest groups, citizens as customers, third-sector organizations, political parties, and the media (Dye 1995). Therefore, innovation in the present managerial era of the public sector is far more complex than it was in the classical era of public administration. As will be explained hereafter, the future evolution of innovation in light of a maturing managerial and post-managerial vision is even more challenging.

PUBLIC SECTOR INNOVATION IN LIGHT OF MANAGERIAL AND POST-MANAGERIAL VISIONS

Moving towards a globalizing world may further create new realities and rules for innovation in the public sector (Carayannis and Gonzalez 2003; Shavinina 2003). As suggested in figure 5, the single-nation, system-based approach is rapidly changing into a global system-based movement where multiple innovations from multiple sources are simulta-



International sociopolitical firewalls: Cross-cultural barriers, international and foreign policy, global political agenda, globalization, cross-national knowledge diffusion.

FIGURE 5. Innovation in a Global Post-Managerial Public Administration

neously handled by public sector agencies across the globe (Farazmand 1999). In such a system there is no escape from higher levels of organizational learning, policy-experience sharing, collaboration, and emulation of the best practices in management that have proved useful in other national locations. This trend of neo-managerialism (Terry 1998) or post-managerialism of public sector innovation is based on several studies. For example, Borins (2001) suggests the development of a holistic theory of innovation, one that consists of the following elements: (1) a higher level of interorganization cooperation, (2) the creation of multiple services for individuals, (3) a reengineering process, (4) the incorporation of information technology, and (5) the development of alternative service delivery mechanisms such as contracting out to business firms or partnering with the third sector. In fact, all these recommendations strongly echo the suggestions made by other studies in the context of NPM (i.e., Hood 1991; Lynn 1998; Pollitt and Bouckaert 2000). They also adhere to the call for better collaboration among all three sectors, as suggested by Vigoda-Gadot (2003a). Thus, in the post-managerial era the meaning of innovation is somehow

different than the one to which we have been accustomed. In a globalizing world, policy renewal and other public sector innovations become even more significant because they can easily be imitated or emulated by bureaucracies in other countries. There is no need to reinvent the wheel in order to solve policy and managerial problems, as plenty of good ideas are available. The urgent need is, however, to improve the innovation process and its implementation. Under these new rules of the game the experience of other nations or organizations becomes of prime importance. The remaining but crucial obstacle is tailoring the style of the innovation to fit a specific cultural environment.

As suggested in table 1, over the years the evolution of the innovation process has changed across sectors and paradigms. The private sector has traditionally been the source of innovative ideas, and even today continues to facilitate the introduction of many new concepts and ideas (figures 1 and 3). However, the public sector, which has become more receptive to innovation in recent decades, has also made substantial progress along the continuum. In moving from a classic bureaucratic structure (figure 2), through new managerial reforms (figure 4), towards a post-managerial era (figure 5), the literature has identified at least ten core questions about innovation that merit our attention.

Q1: On the Meaning of Innovation

In modern business management, innovation has always been a matter of competence and has represented new ways to create economic added value (King 1990). In classic public administration, on the other hand, innovation represented a threat to old, reliable mechanisms that seemed to work reasonably up to a certain point. In this view, innovation was not a matter of necessity, but more a desire to conform to emerging developments in the business/technological market (Golembiewski and Vigoda 2000). NPM has changed these rules and identified innovation as an engine to spur reform (Pollitt and Bouckaert 2000). Innovation was embraced as a tool with which the organization could create new ways to respond to citizens as clients and produce higher quality public goods (Osborne and Gaebler 1992). It is expected that in public administration of the post-managerial era innovation will explore new ways to create social and psychological well-being, along with a political stability that goes beyond mere economic surpluses.

Q2: On the Need for Innovation

The private sector seeks innovation as a basic condition for economic progress. According to this view, innovation is required in order to improve organizational performance and marketing orientations (Narver, Jacobson, and Slater 1993; Slater and Narver 1995). In the face of this practical orientation the classic public sector is dubious about the need for innovation, perhaps due to its potential turbulent impact and its image as a threat to administrative and political stability. However, in the new managerial era innovation is perceived as improving managerial quality in state-owned bureaucracies and as exerting a stabilizing influence on the welfare state (Thompson and Ingraham 1996). Looking towards post-managerialism in public administration, innovation, both in its individual and organizational/policy form, is expected to work on two additional levels—the managerial and the social. Hence, it should find better ways to combine new managerial tools

TABLE 1
An Evolutionary Analysis of Innovation in Public Administration

<i>Essential Questions</i>	<i>Evolution</i>		
	<i>Private Sector Origins</i>	<i>Classic Public Administration Canons</i>	<i>New Public Management Doctrine</i>
Q1. What is innovation?	New ways to create economic added value	A threat to old, reliable mechanisms	New ways to respond to citizens as clients and produce public goods
Q2. Why do we need innovation?	Economic progress	Do we need it at all?	Improving managerial qualities in state-owned bureaucracies to stabilize the welfare state
Q3. What are the disciplinary origins of innovation?	Economic and business/engineering, marketing	Engineering/law/political sciences	Organizational and managerial sciences/economics and business
Q4. What are the primary goals of innovation?	Company profit, improved competitive skills	Maintaining the power of bureaucracy and its centrality in policymaking and implementing processes	Improving the operative power of bureaucracy through better managerial skills and the triumph of professionalism over politicization
Q5. Who are the key beneficiaries of innovation?	Company owners and clients	The private sector and social elites	Citizens as owners and the global bank of policy and managerial knowledge, the community as a whole

Post-managerial Avenues

New ways to create social and psychological well-being, economic surpluses, and political stability combined

A good combination of managerial, social, and democratic values

A holistic view: organizational and managerial sciences/ political sciences/ social welfare/ information and technology systems

Transforming the cultural sphere of public organizations, increasing global policy and management learning and emulation

Q6. How to portray the flow of innovative ideas?	Mostly bottom up, initiated by front-line employees	Ultimately top down, and only when innovation serves political interests	First, top down by professional managers who then empower a bottom-up channel	Top down, bottom up, and reliance on extra-organizational sources, learning, and emulation processes
Q7. Primary players in the innovation process?	Midrange managers and employees	Top managers, if at all	Managers and employees who improve their understanding of the needs of citizens as clients	Managers, employees, and extra-organizational players (i.e., the private sector, the third sector, transnational policy-makers and academics)
Q8. How to achieve innovation?	Increased job autonomy, higher level of participation in decision making, empowerment and entrepreneurial work culture	Almost no need; classic-style bureaucracies don't really need innovation and see themselves as islands of stability and conservatism	Intensive contacts with the private sector and improved learning from successful innovators in business firms (PPPs, public-private partnership)	Intensive global contacts with international innovators, benchmarking, learning and emulation of policy programs
Q9. How to evaluate innovation?	Emphasis on output measures and economic-focused assessments	Lack of formal tools and absence of standard criteria	Output and outcome measures and the development of performance indicators (PIs)	Output and outcome measures as well as input and process measures in a comparative international view
Q10. What are the moral justifications for innovation?	Utilitarianism and modernization	Higher standard of living to vast populations and better services to the less able	Encouraging competition according to liberal ideological economy, increased efficiency and the saving of public money	Global human progress, policy learning, and more equal distribution of knowledge, practices, and goods across nations

and processes with the sociodemocratic ethos and with the new, pro-citizen orientation of state agencies (Terry 1998).

Q3: On the Disciplinary Origins of Innovation

Historically, the private sector has based its knowledge about innovation on both the engineering sciences that have produced sophisticated technologies and the softer sciences such as economics, business management, and marketing that have brought managerial tools such as new approaches to marketing and financing processes to the fore (Shavinina 2003). Generally speaking, classic public administration emulated the approaches of these latter disciplines when it came to areas such as legal requirements, regulatory issues, and the political implications of innovation, imitating scientific innovations only when necessary. However, NPM has again focused on the organizational and managerial sciences, on knowledge about organizational psychology, and on the economic, cost-benefit meaning of innovation (Borins 1998, 2000a, 2000b). In the post-managerial era innovation is also expected to be valued for its direct contribution to political institutions, to social and psychological well-being, and to increased avenues of access to public sector agencies (i.e., E-governance and innovative ways to empower citizens and increase their democratic involvement in state building). Much more attention is thus expected to be given to society-supported technology via sophisticated information systems that learn how to communicate with each other (Peled 2001).

Q4: On the Primary Goals of Innovation

In the private sector, innovation is a desirable goal because it boosts the firm's profits and lays the groundwork for improving the competitive skills of individuals, groups, and the larger organizational machinery. In classic bureaucracies the goals of innovation, if any, are vague and torn between a general will to do things better than before and the stronger institutional paradigm of safeguarding the existing governmental structure and tradition. The general goal of classic public administration is to maintain the power of the bureaucracy and its centrality in the policymaking and implementing processes. However, according to NPM doctrine, innovation is perceived as a goal in and of itself that can lead to improving the operation of the bureaucracy through better managerial skills and the triumph of professionalism over politicization (Hood 1991). Moving towards post-managerialism brings with it additional goals such as transforming the cultural sphere of public organizations to become more supportive of grass-roots ideas, making innovation a value and norm that each public servant needs to seek in his/her career, and most importantly developing a policy of global organizational learning and collaboration with other social players such as citizens' groups or third-sector parties that contribute to the management learning and emulation dynamics (Levi-Faur and Vigoda-Gadot 2004).

Q5: On the Core Benefits of Innovation

In the private sector the key beneficiaries of an innovative idea are, first, the company owners, and second, other clients. The rigid structure of classic bureaucracies views innovation as primarily beneficial to other players in the free market; namely, to private sector

firms. Classic public administration is suspicious about new innovations that may challenge the status quo. Innovations are feared because they bring with them changes in mindsets that may endanger bureaucrats' positions, power, and authority, and threaten longstanding working arrangements (Golembiewski and Vigoda 2000). Thus, the private sector and specific social elites are perceived as potentially benefiting the most from new innovations, leaving ordinary citizens to struggle with old problems. The NPM approach, however, calls specifically for movement towards such reforms of reinventing government and reforming its basic apparatus and nature. According to the NPM approach, innovation is desirable because it has the power to improve services to citizens as clients or customers. Innovation is seen as an engine for development; its energy should be used in the same way it is used in the business sector (Lynn 1998). Thus, according to a future post-managerial view, it is societies and communities, not merely individual citizens or citizens' groups, that will reap the rewards of innovation (Evans 1996; Rogers 1983). Innovation should be developed and diffused to citizens as the owners of public services and contributed to a global bank of policy and managerial knowledge (Farazmand 1999).

Q6: On the Flow of Innovative Ideas

The private sector generally sees innovation as a bottom-up phenomenon, rooted in the experience of front-line employees. The quality circles method or other participatory initiatives in organizational behavior call for good, new ideas to come from front-line employees, those who face the core problems and dilemmas of the organization (King 1990). However, classic public administration treats innovation as a top-down process. Moreover, innovation is viewed as useful only in cases where it serves political interests. As the basic assumption is that innovation should be treated with caution and a great deal of skepticism, the old bureaucrats try to avoid it if possible. Innovations will break through firewalls only when politicians and the administrative leadership have a direct interest in allowing them to grow (Borins 2002). Alternatively, the NPM approach suggests that useful innovations are, first, top-down grounded. Professional managers must fuel them with the creativity and experience gained in the private sector. Only then can managers empower a bottom-up channel and offer a certain level of participation to other employees. Finally, as the post-managerial approach suggests, innovations are top down and bottom up at the same time. Moreover, they must rely on extra-organizational sources, emulating innovations successfully introduced in other societies, cultures, and nations (Schein 1985; Selnes, Jaworski, and Kohli 1996). Such replications must be tailored to the specific environment and not blindly imitated, as an innovation may be useful for one arena but not necessarily for another (contingency theory).

Q7: On Primary Players in the Innovation Process

The private sector views midrange managers and employees as those who represent the primary players in the innovative process. They are the source of most of these initiatives and are responsible for the diffusion process to other internal and external clients (Scott and Bruce 1994). The classic bureaucratic approach, however, seeks no prime players in the innovation process and is ready to hand such responsibility, if at all, to top managers

who can control the process in the most efficient manner. NPM sees both managers and employees as primary players in the innovation process and considers them as equal partners whose main task is to increase their understanding of the needs of citizens as clients. The post-managerial approach adds extra-organizational components to this list of players, components such as the private sector, the third sector, transnational policymakers, and academics who serve as the professional cadre from which state agencies can learn and grow (Farazmand 1999).

Q8: On the Way to Achieve Innovation

The business-sector view is that innovation can be enhanced by increased job autonomy, a higher level of participation in decision making, empowerment, and an entrepreneurial work culture (Kimberly 1981; Kimberly and de Pourville 1993). All of these factors contribute to a less formal and more nurturing environment in which good ideas can thrive and a climate of renewal can flourish. Sharply contrasting with this view, classic public administration is frequently indifferent about the way to achieve innovation. Classic bureaucracies regard innovation as insignificant at best and time consuming and resource depleting at worst. This view considers bureaucracies as islands of stability and conservatism where the status quo should be maintained. This view leads to no substantive strategy by which innovation is promoted. However, the NPM approach considers innovation a necessity, and that the best way to encourage it is by intensive contacts with other partners in the sociopolitical realm. Major partners are the private sector and the third sector, both of which have benefited from learning about successful innovators in business firms (PPPs) and in other VNPOs. Finally, according to the post-managerial view the best way to achieve innovation is by intensive global contacts with international innovators, benchmarking, and learning about and emulation of policy programs that have proved useful in other places (Vigoda-Gadot 2003b).

Q9: On the Way to Evaluate Innovation

The private sector puts a great deal of emphasis on output measures and economic-focused assessments. Innovation is thus perceived as actions or processes that directly or indirectly contribute to organizational performance, profitability, and position in the market (Lumpkin and Dess 1996). Standard criteria are encouraged to assess how many good ideas are being translated successfully into attractive outcomes, new products, or stimulating services for a large variety of customers. On the other hand, classic bureaucracies lack formal tools for the evaluation of innovation and suffer from an absence of standard criteria that benchmark creativity and renewal processes. The absence of such measurements may be due to the perception of innovation as threatening the stability of the old administrative order. The NPM approach has a completely different mindset in this area, and focuses on output and outcome measures and the development of an impressive arsenal of performance indicators (PIs) that measure how well the bureaucracy is reforming itself (Pollitt and Bouckaert 2000). In the post-managerial era output and outcome measures are necessary, but not sufficient. They must be accompanied by input and process measures in a comparative international view. That is, the evaluation process of innovation should be

done in light of the existing managerial and nonmanagerial innovations in other bureaucracies and in the face of criticism against them.

Q10: On the Moral Justification for Innovation

The justification for innovation in the public sector comes from a utilitarian and modernization view. The basic assumption by private firms is that society and markets are mutually dependent and that moving them forward requires a continuous search for better ways to create added value for both the marketplace and for nations. Classic public administration, however, has developed no such understanding. It has not adapted to changes in its environment. The political firewall of such bureaucracies is complex and daunting and has stifled innovation (Rogers 1983). The general theme of these institutions is a search for stability mixed with a suspicious attitude towards any new policy or idea that could potentially shake commonly accepted wisdom. NPM, on the other hand, emphasizes the mutual responsibility of economics and citizenship in reinventing government. The moral justification for innovation in modern bureaucracies is the idea that citizens deserve a higher standard of living, and that this improvement should diffuse to vast populations who delegate political power to the government (Hood 1991; Lynn 1998). NPM, however, neglects certain moral principles that are at risk when powerful market mechanisms are infused into government thinking. Safety nets for the weaker segments of the population and care for the less able may fall by the wayside when market concerns enter into bureaucratic thought. The encouragement of market forces through competition according to the dictates of a liberal, ideological economy and the quest for greater efficiency and cost saving measures may thus result in a dangerous moral indifference on the part of public administration. Hence, the post-managerial approach is to rely on a third way of governance and on a more ambitious, long-term ideology of global human progress, transnational policy learning, and a more equal distribution of knowledge, practices, and goods across nations and societies.

THE PROMISE AND THE REALITIES OF INNOVATION IN PUBLIC ADMINISTRATION: A SUMMARY

In their review of innovation research in economics, sociology, and technology management, Gopalakrishnan and Damanpour (1997, 16) argued that “on the most basic level, innovation means ‘something new,’” whether it is a new idea, product, method, or service. Thus, innovativeness is perceived in the literature as the adoption of many new ideas, methods, or services, which are its end products; namely, actual innovations (Subramanian and Nilakanta 1996). Stated differently, a highly innovative organization is one that adopts many innovations.

This article has dealt with the evolution of the fuzzy concept of innovation as a major theme in public administration theory. In addition, it has examined two ways in which the concept of innovation may prove valuable for the discipline. First, we have posited a comprehensive, system-based model for the study of innovation. Second, we have integrated this model into a dynamic managerial and post-managerial era. As such, we suggest that innovation in modern public administration should be studied based on previous knowl-

edge from the business sector, but also in relation to the evolution and development of the public management doctrine. This approach can make a valuable contribution to what we define as the globalizing public sector (Farazmand 1999).

According to this view, innovation is a multidimensional construct that must break through powerful sociopolitical firewalls in order to take root. Hence, innovation in the current and future public arena must include several elements: (1) higher levels of creativity, (2) political wisdom, (3) risk-taking strategies, (4) tolerance for social differences, and (5) stronger emphasis on organizational responsiveness and adaptability.

Post-managerial Creativity

Rosenfeld and Servo (1990, 252) see creativity as “the starting point for any innovation.” Creativity can be defined as the generation of a new idea; thus, it serves as a fundamental facet of innovation. In order for creativity to lead to innovations the idea must transform itself into a new product, technology, process, or service. However, it must be noted that not all new ideas are generated inside the focal organization. Some ideas are generated externally but are adopted by the organization (Damanpour and Gopalakrishnan 1998). Thus, we extend the concept of creativity to include the adoption of a new idea.

Post-managerial Political Wisdom

In a study of fifteen cases, Gow (1992) investigated the process of innovation in Canadian public agencies. His goal was to better understand the flow of innovative ideas in public administration. His findings indicated that many good, creative ideas were generated by committed public officials, but many of them were blocked due to a lack of political wisdom on the part of both the innovators and the entrepreneurs. In many cases, new ideas penetrated the organization on their own and without pre-existing political pressures to accommodate them. Thus, Gow concluded that despite the fact that the origins of new ideas in public organizations are nonpolitical, many of them fail due to the sociopolitical firewall. Various players such as political parties, interest and pressure groups, employee unions, or other interested parties decide to politicize the innovation and stop it in its tracks (Gow 1992; Peled 2001). Furthermore, Peled (2001) mentions the agenda-setting coalition that can use strong political patrons to put pressure on decision makers from within the organization to adopt a certain idea or creation. This pressure can come from influential individuals who hold formal positions in the public organization, or from outsiders who have an external say in the organization such as social leaders, the media, or the professional voice of academia.

Post-managerial, Risk-taking Strategies

From the organization’s perspective, risk is “the extent to which there is uncertainty about whether potential significant and/or disappointing outcomes of decisions will be realized” (Sitkin and Pablo 1992, 10). It can be argued that the development or adoption of

new ideas involves some degree of risk (Lumpkin and Dess 1996), because there is no guarantee of valuable outcomes. The strategic management literature associates risk with novelty. An idea involving a high level of novelty is associated with a high degree of risk. For example, Stewart and Roth (2001) conducted a meta-analysis of risk propensity differences between entrepreneurs and managers. They reported “the risk propensity of entrepreneurs is greater than that of managers” (145). By analogy, because innovativeness is inherently risky, risk taking should be an important characteristic of high innovativeness in public administration.

Post-managerial Tolerance for Social Differences

Tolerance for differences allows diversity among members in the public organization to exist and flourish (Scott and Bruce 1994; Siegel and Kaemmerer 1978). Such diversity is essential and encourages bottom-up ideas that may generate successful innovations. Intolerant public organizations inhibit innovations by restricting employees to uniform menus of expected behaviors (King 1990).

Post-managerial Responsiveness and Adaptability

This element relies on open-minded policy, learning orientations, and improved organizational connectedness. The post-managerial public sector must build, alongside its bureaucratic structure, close and informal relationships between individuals from different departments or units in the organization (Deshpande and Zaltman 1982). Several research lines of thought suggest that “connectedness facilitates interaction and exchange of information, as well as the actual utilization of the information” (Jaworski and Kohli 1993, 56). Thus, by allowing for a flow of information, such informal, cross-individual, and cross-departmental communications should enhance public sector innovativeness (Kohli and Jaworski 1990; Rose and Shoham 2002; Shoham and Rose 2001).

Finally, the public sector, like the private sector, will seek better and more effective innovations in the coming generations. Yet, torn between the promise and the realities of innovation, the task of the public sector will remain more difficult, demanding, and complex. While increased globalization brings with it the spread of knowledge, it also raises sociopolitical firewalls and a resistance to change that is not confined to a single nation, but is cross-cultural as well. As suggested by Borins (2000a, 2000b), innovation and innovators are creatively solving public-sector problems and are usually proactive, as they deal with problems before they escalate to crisis proportions. They build support for their ideas and then either cross or bypass the sociopolitical firewall by using personal tactics of persuasion or accommodation. Thus, we suggest that innovative bureaucracy is not necessarily a self-defeating concept. Bridging the gap between the promise and the realities of innovation has never been an easy task. Turning ideals into realities is still a major challenge facing public administration reform, now and for the foreseeable future.

NOTE

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