FOSTERING INNOVATION AND ENTREPRENEURIALISM IN PUBLIC SECTOR REFORM

CLARE CUMMINGS*
Overseas Development Institute, UK

SUMMARY
There is growing recognition within the international development sector that there is a need for a new, more effective approach to engaging in public sector reform. This article builds on an emerging body of work that advocates more entrepreneurial and adaptive public sector reform programming. Drawing on knowledge and theory from public sector management, psychology and entrepreneurialism, this article aims to understand what motivates public sector workers to work entrepreneurially and suggest how these ideas can be applied to the way in which international development agencies engage in public sector reform work. This requires a shift in thinking from predesigned, large, externally led programmes promoting international best practice to interventions in which agencies adopt the role of a facilitator, helping to establish the enabling conditions for local partners to work entrepreneurially, developing their own solutions to the problems that they identify in their work. Copyright © 2015 John Wiley & Sons, Ltd.

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INTRODUCTION
There is a growing interest in the international development sector in finding more creative, entrepreneurial ways of supporting public sector reform. Building on theory and practice in international development and developed country governments, where there has also been increasing interest in public sector innovation, an emerging body of literature is recommending a more adaptive and entrepreneurial approach to public sector reform support. A core concept within this literature is the importance of local actors being able to solve problems in their bureaucracy that they consider priorities, and with the freedom to do so in entrepreneurial, creative ways (e.g. Andrews et al., 2012; Booth and Unsworth, 2014). The question for international development organisations is whether this could be a more effective way of supporting another country’s public sector to reform, and if so, how can this be done. This article explores why entrepreneurial practices within the public sector are important and how they could be integrated into international support for public sector reform.

This article first discusses the evidence and explanations for why public sector reform (PSR) interventions have largely failed to be effective and why a new approach to PSR is important. It then describes the growing interest in innovation and entrepreneurial ways of working within public sectors and what the implications may be for PSR programmes regarding how to foster entrepreneurial behaviour within a public sector institution. Finally, with reference to a PSR programme in Nigeria, the article discusses the potential value of encouraging entrepreneurial practices within public sector reform, as well as the difficulties facing development organisations in doing so.

*Correspondence to: C. Cummings, Overseas Development Institute, 203 Blackfriars Road, London, SE1 8NJ, UK. E-mail: c.cummings@odi.org.uk

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WHY ARE PUBLIC SECTOR REFORM PROGRAMMES RARELY VERY EFFECTIVE?

Most research into the effectiveness of public sector reform programmes is ‘not sufficiently systematic and comparative to allow clear and generalizable lessons’ (Bunse and Fritz, 2012: 6). Reviewing the research that does provide clear findings, there are still few examples of effective reform programmes, and it is becoming widely acknowledged that public sector reform is a very difficult area of work. Two recent in-depth studies of donor-funded PSR interventions are a 2008 evaluation of the effectiveness of the World Bank’s support to PSR (IEG, 2008) and the 2011 independent annual report of the performance of the World Bank Group (IEG, 2011). The 2008 evaluation found that, despite the bank allocating an increasing share of its lending and advisory support to central government reform work, there were significant failings in the intended outcomes of its work, especially in civil service reform (IEG, 2008). Furthermore, while operational success was reported in the majority of public sector operations, overall progress in public sector reform was far less common (IEG, 2011), suggesting that while reform programmes are initiated, their implementation is often incomplete (Bunse and Fritz, 2012).

Research into the process of public sector reform provides numerous reasons for why PSR interventions have yet to achieve significant success. One of the underlying factors in this may be the tendency for PSR to be conceived as a technical task to improve formal (de jure) arrangements, such as financial management processes in central government and sector agencies. Yet, PSR is actually a complex process that requires a change in the (de facto) behaviour of public sector workers (Blum et al., 2012). Traditional PSR programmes that have attempted large-scale reform of beneficiary government’s processes and policies have often involved applying best practice from elsewhere and relying on international technical assistance to design better management systems. However, numerous researchers have argued that directly transplanting Anglosphere public sector techniques is not effective for achieving reform in non-Western countries (Candler, 2002; Christensen et al., 2008) and that PSR programmes need to focus on implementation, as well as design, in order to achieve long-term improvements (Bunse and Fritz, 2012).

Other criticisms of PSR programmes argue that a tradition of focusing on ‘downsizing’ the public sector in African countries has led to understaffing, a lack of resources for front line services and limited middle management operations (Crook, 2010; Olowu, 2010). Furthermore, the creation by donors of project implementation units, which may recruit the most competent civil service staff to work outside the existing civil service, can also reduce the capacity and competency of the public sector that is meant to be being supported (Rao, 2013). Crucially, reform activities that are not integrated into the wider policy and organisational framework of a beneficiary country are unlikely to be sustained.

A further factor that may account for PSR programmes being ineffective is donors having unrealistic ambitions. As Grindle (2004, 2007) notably argued, donors often attempt to bring about much greater governance improvements than a beneficiary government can implement and sustain (Wild et al., 2015). Pritchett et al. (2010) describe how if a donor’s theory of change and expectations are unrealistically optimistic about the potential rate of improvement, PSR interventions can stress the capacity of existing administrative systems to carry out even routine tasks. Named ‘premature load bearing’, these over-ambitious reform programmes can result in greater harm by placing ‘stresses and demands on systems that cause capability to weaken (if not collapse)’ (Pritchett et al., 2010: 1). More generally, externally led PSR programmes are found to be ineffective because they encourage the adoption of technical practices developed elsewhere, which do not address underlying problems, and so fail to achieve significant behavioural change (Pritchett et al., 2010). Analysis by Pritchett et al. (2010), Andrews et al. (2012) and others describe this as ‘isomorphic mimicry’, whereby beneficiary governments adopt organisational forms that are considered international best practice, but which do not result in noticeably different outcomes (Wild et al., 2015).

In response to the growing recognition that PSR programmes are rarely effective, an emerging body of ideas, proposed by scholars such as Andrews (2013), Booth and Unsworth (2014), Pritchett et al. (2010) and Faustino and Fabella (2011), advocates a more entrepreneurial and creative approach to development. This is based on the understanding that comprehensive, predesigned reform programmes that attempt to apply international best practice to developing country governments do not fit the local context and have failed to achieve their intended transformations. Instead, these scholars base their ideas on a different understanding of how development occurs. This proposes that development is a political process, (e.g. Leftwich, 2000), ‘largely endogenous and cumulative – though
influenced by changing regional and global contexts; and not dictated by any universal sequences’ (Booth and Unsworth, 2014: 3). This suggests that ‘donors, as outsiders, can play a supportive but not a leading role in facilitating progressive change’ (Booth and Unsworth, 2014: 3).

Furthermore, achieving development change is ‘complex’ (Ramalingam, 2013), and consequently how change happens cannot be reliably predicted (Booth and Unsworth, 2014). While we can use historical analysis to understand how specific changes have come about, there are also many unknowns that prevent the elaboration of a theory of change applicable to all circumstances. Consequently, any intervention that aims to facilitate public sector reform must include a mechanism for ongoing learning, in which those who are working to promote reform can learn and adapt their work according to their experiences (Booth and Unsworth, 2014).

It is on this premise that this article bases its exploration of how public sector reform programmes could benefit from placing greater importance on innovation and working entrepreneurially. This article asks why entrepreneurial practices may be valuable for public sector reform, and how those working in the public sector and international development could foster innovation as a more effective way to stimulate developmental change.

**TAKING A MORE ENTREPRENEURIAL APPROACH**

There has been a recent interest in using innovation as a way to improve public sector functions in developed as well as developing country governments. Innovation as a way to solve shared problems can be seen in the emergence of ‘hackerspaces’, ‘fab labs’, civic innovation units and other community spaces for design and manufacturing, which aim to produce new ideas for addressing social problems. For example, in Denmark, iNudgeYou is a network of behaviour scientists, public institutions, NGOs and private stakeholders who conduct research and test new ideas to develop strategies for achieving social goals. Teams, units and funds such as these, sometimes referred to as ‘i-teams’, draw on the concepts such as user-centred design and joined-up working across sectors to encourage a more creative public sector (Puttick *et al.*, 2014).

Encouraging innovation within a public sector requires an understanding of the logic and process behind entrepreneurial working. Rather than a predesigned programme with a log-frame of expected outputs and outcomes, as is common in international development PSR interventions, entrepreneurial logic allows iterative learning and adaptation, and for objectives to be adjusted according to experience. Sarasvathy (2005, cited in Faustino and Booth, 2014) describes entrepreneurialism as a coherent and predictable process enabling ‘goals to emerge contingently over time from the varied and diverse aspirations of leaders and the people they interact with’. As summarised by Faustino and Booth (2014, 5), Sarasvathy presents five principles of the entrepreneurial process:

1. ‘An acceptance of how the world is, what resources are at their disposal, and whom they know.’
2. ‘Recognition that failures and setbacks are part of the process of finding and determining the “winning formula”. Instead of making large bets at the start, entrepreneurs make a series of small bets. Based on feedback and assessment, further actions are taken.’
3. ‘Understanding that collaboration, working with others, is essential for success. Entrepreneurs build partnerships with self-selecting stakeholders. By obtaining these commitments from key partners early on, entrepreneurs reduce uncertainty and co-create with interested partners.’
4. ‘Awareness that new developments and surprises can be turned into opportunity. For entrepreneurs, the correct response to surprises is “adjust and embrace the change”. This attitude is an expression of entrepreneurs’ confidence in their ability to recognize, respond to and reshape opportunities as they develop. Entrepreneurs thrive on contingency.’
5. ‘Entrepreneurs tend to focus on activities within their control. “An entrepreneurial worldview is based in the belief that the future is neither found nor predicted, but rather made.” There is no need to predict the future because they believe their actions can influence and shape events.’

Together, these principles present entrepreneurship as a method of learning by doing, allowing development to occur gradually and organically rather than according to a grand plan. This is supported by Sims’ (2011) work, which
shows how ‘breakthrough results were achieved by methodically making small bets in order to discover and develop new ideas’ (Faustino and Booth 2014: 13). This process of iterative learning is particularly relevant to international development reform programmes because, as Faustino and Booth (2014) argue, the process of reform is too complex and variable to be understood completely. Political change is contingent upon the behaviour and interactions between many individuals, which are difficult to control or predict, and those ‘involved in such processes, no matter how well connected or smart, will always have partial information’ (Faustino and Booth, 2014: 10). Consequently, assumptions have to be tested through trial and error and interventions adapted accordingly.

Examples of how an entrepreneurial approach to public sector improvements that can result in significant changes are emerging from experiences in both developed and developing country governments. This evidence base is still limited, and so this article is based largely on theory and points to the need for more research and practical experience in this area. However, one example that does exist of a successful entrepreneurial approach to public sector reform can be seen in a World Bank-funded project in Eritrea. The project, named a ‘Rapid Results Initiative’, supported an intensive period of problem-solving with the Eritrean government that focused on reducing the transmission of HIV/AIDS (Hammad et al., 2012). The project aimed to catalyse institutional change by challenging a self-selected team of public sector workers to find solutions to a problem and deliver results within 100 days. The initiative had the clear endorsement of the health minister who gave those assigned with developing solutions the freedom to be creative. The team developing and testing ideas also felt a sense of ownership over the project and felt motivated by having a clear set of short-term results to focus upon (Hammad et al., 2012).

Based on entrepreneurial logic, the initiative guided the team to work with the resources available to test new ideas, respond to feedback and learning and take the ideas that worked to scale (Hammad et al., 2012). The 100 day initiative thus created a space for innovation in the Ministry of Health by combining senior political commitment and approval for experimentation with a tangible problem to focus on, a clear set of goals to achieve and a team of public sector workers who were focused on finding solutions. For example, one of the goals for the 100 day period was to ‘achieve a 25% increase in the number of users of VCT [Voluntary Counselling and Testing] services, with the first week in March 2003 as a benchmark, and get user satisfaction rating above 80%, measured through user surveys’ (Hammad et al., 2012: 9–6). The team that worked to achieve this goal took a number of concrete actions to achieve change, opening new VCT service sites, training additional counsellors, making rapid test kits and other equipment more available and establishing a new monitoring system (Hammad et al., 2012). After 100 days, the number of VCT users per week had increased by 80 per cent, and user satisfaction was maintained at 95 per cent.

The rapid success of the team was reinforced by the success of other teams tackling the problem through other entry points, such as a home-based care programme run by different churches, a peer-support programme for commercial sex workers and an HIV/AIDS education programme in schools (Hammad et al., 2012). The peer-support programme is particularly interesting because it highlights the importance of locally developed solutions. The programme was co-designed with a number of commercial sex workers, which enabled government officials to better understand the problems they faced in protecting themselves from HIV/AIDS. One outcome of this was the creation of peer-support groups for dealing with drunk clients, which have been reported to be effective (Hammad et al., 2012). While the long-term impact of the 100 day initiative has not been established (Hammad et al., 2012), this approach to PSR highlights the potential for effective solutions to emerge from within a public sector that fit the local context and that do not require external technical expertise.

Further examples of how valuing innovation and piloting new ideas can lead to solutions to public sector problems include the application of Rwanda’s indigenous cultural practice of publicly pledging to achieve a goal (imihigo) to public service planning and evaluation (African Development Bank, 2012), using ethnography to improve technical assistance to civil servants in a Nigerian state government (Reboot, ), and an entrepreneurial approach to negotiating the passing of a residential land titling bill in the Philippines (Booth and Unsworth, 2014). This latter example is particularly interesting as it demonstrates how working entrepreneurially, as Wijen and Ansari (2007) note, can be a collective action requiring strategic negotiation, not just creativity. In this case, two small teams of people who had different backgrounds but high-level contacts in politics or business worked as activists, experimenting with different ways of generating support for land titling reform and creating alliances to push for change (Booth and Unsworth,
2014). The work was funded by USAID but managed by The Asia Foundation, which enabled them to work flexibly and creatively, without the constraints of donor-imposed timetables and activities. This flexibility allowed different ideas to be pursued simultaneously, continuing activities that showed promise and ending those that did not, and so working in an entrepreneurial and iterative manner (Booth and Unsworth, 2014).

It must be acknowledged that such approaches to development, although relatively new and sparse within the international development sector, are not a recent invention. Extensive literature, as cited in Wild et al. (2015: 26), such as Hirschman (1967), Brinkerhoff and Ingle (1989), Hulme (1989) and Therkildsen (1988) advocate this approach, and concepts such as ‘policy entrepreneurs’ and ‘change agents’ have previously been discussed in development literature, for example, Kingdon et al. (2014) and Faustino and Fabella (2011). However, what is noticeable is that these ideas have yet to be implemented widely in development practice, and that there has been little discussion of promoting innovation within a developing country government to drive public sector reform. Development agencies have tended to focus on supporting citizen-led advocacy and demand for change, expecting that stronger ‘demand’ will lead to a better ‘supply’ of public services (Fox, 2014). Yet, as Crook (2010) and Leonard (2008) argue, if the right stakeholders are supported to catalyse changes and innovations from within a government, more sustainable improvements may be achieved. To do this as part of a PSR programme, a greater understanding within the development sector of how people can be motivated and encouraged to work entrepreneurially and instigate change through their public sector role is required. The following section thus draws on literature from psychology and organisational management to discuss how entrepreneurs work, and what factors can foster creativity within a public sector.

HOW TO FOSTER INNOVATION IN A PUBLIC SECTOR?

To understand how entrepreneurialism could be applied to PSR interventions, it is first necessary to examine the characteristics of entrepreneurs, how they are motivated and how they work with others within an organisation. To start, certain personality traits can mean that one individual is more likely to work entrepreneurially than others. Research by Duckworth et al. (2007, cited in Faustino and Booth, 2014) suggests that characteristics such as being willing to make decisions despite unknowns, not being afraid to acknowledge mistakes and being able to listen to others are important in an entrepreneur. Duckworth also describes entrepreneurs as having ‘grit’, which refers to a person’s commitment to achieving a particular goal, regardless of the barriers and length of time it may take to do so (Duckworth et al., 2007: 20).

The concept of ‘grit’, which combines perseverance and determination, is reflected in discussion about motivation and entrepreneurialism in studies of the public and development sectors. For example, Rao (2014), in a literature review of how public sector workers are motivated, discusses a number of theories of motivation. One such theory is ‘Expectancy Theory’, which describes motivation in terms of ‘expectancy, instrumentality, and valence’ (Rao, 2014: 4). This proposes that an individual’s motivation relies on them feeling that ‘a certain effort will lead to an intended goal (expectancy), the belief that this goal will achieve a certain outcome (instrumentality), and the degree to which this outcome is something an individual wants (valence)’ (Rao, 2014: 4). That is to say, that an individual must want the final outcome to be achieved and believe that their action contributes to achieving it.

A similar conceptualisation of motivation is presented in ‘Self Determination Theory’ (Rao, 2014: 4). This suggests that people naturally want to increase their competence, have a greater sense of belonging and feel in control of how they act and what they aim for (Rao, 2014). This theory argues that if these intrinsic motivational factors are present, extrinsic rewards, such as money, may undermine the intrinsic. Praise, on the other hand, may make a person feel more capable and thus increase their intrinsic motivation (Rao, 2014). Intrinsic motivation is also found to be important in Pink’s (2009) research into motivation, which argues that an individual’s performance is improved by three key factors: ‘mastery: the desire to make progress and get better at something that matters; purpose: the desire to make a contribution in the service of something larger than ourselves; and autonomy: the desire to direct our own lives’ (Faustino and Booth, 2014: 21). Common to all of these theories is the importance of having control and responsibility over one’s work, which is essential for allowing an individual the freedom to work entrepreneurially and test new ideas and learn from them.
Numerous studies into the motivation of public sector workers specifically support these theories (e.g. Perry and Wise, 1990; Benabou and Tirole, 2006; Francois and Vlassopoulos, 2008, as cited in Rasul and Rogger, 2013). They emphasise that, for public sector workers, intrinsic motivation is often more important than external rewards (Rao, 2014). While higher salaries may be a way of recruiting skilled workers, they may also put off ‘prosocial’ workers who are personally committed to working for the benefit of others or society and associate high pay with less socially beneficial work. Prosocial workers are found instead to be more likely to be motivated by autonomy over their work and a sense of social purpose (Rao, 2014).

Autonomy appears to be an especially important factor in motivating, and enabling, success in public sector work. For example, a study by Simon (1983, cited in Rasul and Rogger, 2013) found that devolving decision-making power to bureaucrats has a positive impact on the quality of their work, and that increased flexibility does not result in bureaucrats focusing on their own goals at the expense of social interests. Similarly, a large quantitative study by Rasul and Rogger (2013) examined 4700 public sector projects in Nigeria that were delivered by 63 different Nigerian civil service organisations. The study found that projects that gave bureaucrats greater autonomy to determine how they were delivered were a critical factor in the project’s success. Interestingly, this is also evident in a case study of individuals who worked entrepreneurially to bring about legislative reform in the Philippines (Faustino and Booth, 2014). The case study found that the individuals’ motivation was personal rather than external (they worked even at times when they were not paid), and that they had considerable autonomy over how they worked to achieve the reform.

Inevitably, these findings have important implications for management practices, and what emerges particularly clearly from these studies is the significance of having autonomy over one’s work to be able to pursue a goal in the way one thinks best. Therefore, understanding how an organisational structure and management practice can promote or limit autonomy will be important for supporting motivated public sector workers to achieve public service goals.

Collective entrepreneurialism

An individual’s personality traits may mean they are more inclined to work entrepreneurially, but this does not mean that they work in isolation from others. Rather, as emphasised by Faustino and Booth (2014), working with others and reflecting and reacting to others’ ideas is often part of the entrepreneurial process. Likewise, entrepreneurialism as a concept does not only concern the behaviour of individuals but can also refer to the way a team or whole organisation functions. The term ‘institutional entrepreneur’ is used to refer to individuals within institutions who have ‘the ability to motivate the cooperation of other actors by providing them with common meanings and identities’ (Pilgrstein, 1997: 397, in Pacheco et al., 2010). In this understanding of entrepreneurship, entrepreneurs are ‘active arbitrageurs that intervene to find common solutions to collective problems. They also work in collaboration with other actors, taking advantage of convergent interests and relying on collective action’ (Zucker, 1988, in Pacheco et al., 2010: 989).

Indeed, Ucbasaran et al. (2011) also note that entrepreneurship is increasingly being acknowledged as a collective activity, in which it is the particular nature of relationships between individuals that enables change to occur. For example, Wijen and Ansari (2007) have developed a theoretical framework for ‘collective institutional entrepreneurship’. This describes entrepreneurship as a process in which actors come together and collaborate to overcome a collective action problem and create or transform an institution (Wijen and Ansari, 2007). Such a change process can be described as an outcome of human relations within a particular system, and how these relations are mediated by those within the system (Scharmer, 2007; Gorzynski, 2009, cited in Woodhill, 2010). This ultimately depends on individuals’ ‘capacities for self-understanding, critical reflection and authenticity’, their ability to reflect on their own position within a system and using this to work strategically (Woodhill, 2010: 56).

While literature on institutional change tends to emphasise how institutional arrangements reinforce the status quo and reward compliance with existing structures, literature on entrepreneurship tends to describe ‘how organizational processes and institutions themselves are shaped by creative entrepreneurial forces that bring about change’ (Garud et al., 2007: 958). Mutch (2007) explains this apparent contradiction by describing how an institutional
entrepreneur is able to work with and around these constraints by using an ‘autonomous reflexive’. This concept, developed by Margaret Archer, is ‘an internal dialogue with themselves and one which they do not need and do not want to be supplemented by external exchanges with other people’, and which enables them to pursue ideas that may go against existing structures and concepts, thus driving institutional change, which may not otherwise occur (Archer 2003: 210). The entrepreneur is not necessarily unaware of existing constraints to their goal but rather has the ability to work with existing structures, shaping them to meet their own objectives (Mutch, 2007). Instigating organisational change therefore requires an entrepreneur to be driven by a particular purpose but also to be a skilled negotiator with the ability to manipulate social structures and political interests to their advantage.

It appears, therefore, that while an entrepreneur’s own motivation is important in shaping how they behave, the institutional environment in which they work is also a highly influential factor. Pacheco et al. (2010) support this in their work on entrepreneurship, suggesting that the social and economic environment and the institutions in which a person functions are important factors in predicting engagement in institutional entrepreneurship. This is also supported by Battilana’s work (2006), which argues that a person who instigates such collective action is not necessarily acting according to their personality traits but is rather reacting to a social context. She describes how individuals are embedded in organisations and social groups and that the status of the organisations to which they belong influences their willingness to challenge existing norms in their environment. The ability to challenge existing organisational practice may therefore be strongly influenced by inter-organisational mobility.

Furthermore, examining the factors shaping an individual’s ability to instigate change, Battilana (2006) proposes that an individual who has greater experience of different organisational structures and practices may be more likely to be aware of ways in which their current organisation could be different. For example, a study by Kraatz and Moore (2002, cited in Pachueco et al., 2010) found that if an individual leading an organisation moves to another organisation at the periphery of the field, they are more likely to instigate change in their new environment. These findings echo the suggestion of Pacheco et al. (2010) that prior knowledge of other organisational practices can be a factor predicting whether an individual instigates change in their current organisation. Battilana (2006) also supports this view, arguing that having knowledge and experience of other organisational arrangements can increase a person’s capacity to reflect critically on the way in which their current organisation functions and so may be more likely to initiate institutional change.

Thus, a number of factors emerge from the literature regarding what motivates public sector workers to strive to improve their work and instigate change within the institutions in which they work. These include being intrinsically motivated rather than externally rewarded, having autonomy over their work, having experience of other organisational forms, moving to a peripheral organisation in the same field and being aware of their position within an organisation and how to use it to work strategically with others to generate change. These factors are certainly not new or radical ideas, and yet there is little evidence of them being used to inform international development engagement in public sector reform. The following section will therefore discuss how these factors that facilitate creative thinking and entrepreneurial working in a public sector could be applied to PSR interventions, with respect to both how public sector reformers in the beneficiary country can work and how development organisations can work with them.

THE QUEST FOR TRANSFORMATION

Reflecting on the literature on entrepreneurial behaviour within the public sector, there are two elements to this discussion to consider: firstly, the ability of developing country public sector reformers to adopt this way of working and, secondly, the ability of international development organisations to support them in this approach to reform.

With respect to the motivations and barriers for public sector reformers in developing countries to work as entrepreneurs, findings from literature suggest that management structures that promote autonomy correlate strongly with successful public sector projects. As discussed in the literature, having autonomy to develop new ways of working is important for an entrepreneurial approach to reform, and the aforementioned study by Rasul and Rogger (2013) found that in Nigeria, management practices that gave bureaucrats more autonomy corresponded to higher project completion rates. This study combined data on the completion, success and complexity of public sector projects with
data on each project’s management structure. Using an autonomy index, which measured bureaucrats’ freedom to inform policy and implementation processes, and the implementing agency’s flexibility to reorganise its staffing structure, the study found that ‘a one standard deviation increase in autonomy for bureaucrats corresponds to significantly higher project completion rates of 18% and [...] management practices correlate to quality-adjusted project completion rates in similar ways’ (Rasul and Rogger, 2013: 4). As the study’s authors note, ‘the backdrop to these findings in Nigeria, where 38% of public projects are never even started, implies these magnitudes are of economic as well as statistical significance’ (Rasul and Rogger, 2013: 4). The findings from this study therefore suggest that public sector performance may be improved dramatically by adopting management practices that offer more autonomy to public sector workers.

However, there is a lack research into the risks and motivations for developing country bureaucracies to work in this way. Rather, studies of developing country bureaucracies tend to highlight the lack of incentives for public sector workers to strive to change and improve the functioning of their service area (Bunse and Fritz, 2012). Commonly reported problems include clientelism, which results in the public sector being heavily influenced by political ambition and functioning as a vehicle for rent-seeking, an underdeveloped civil society unable to hold the public sector accountable, a lack of incentives for bureaucrats to pursue reform and limited demand for reform from service users (Bunse and Fritz, 2012). In particular, North et al. (2010) argue that strong clientelist networks, which exist in many developing countries, mean that those who hold bureaucratic decision-making power have greater interest in maintaining the status quo to protect existing power relations rather than pursuing government reforms. As a result, recent literature (e.g. Booth and Cammack, 2013) has discussed the potential merit of ‘going with the grain’ to support reforms for which there is existing political interest rather than pushing for change, which would threaten the interests of those in power. This may therefore be one way in which an international organisation could engage with a developing country public sector to promote an entrepreneurial approach to solving public sector problems.

There are several examples in which an international development organisation has been able to support innovative public sector reform by working with the existing interests of a developing country’s senior leaders. For example, in Rwanda, the African Governance Initiative (AGI) has partnered with the Rwandan government to support them to address key challenges identified by President Kagame during Rwanda’s annual National Leadership Retreat in 2010. President Kagame requested support from the AGI team to increase government capacity in investment, agriculture, energy and mining (Hymowitz, 2014). Rather than AGI, as an external development partner, providing a programme to address these priority areas, the AGI team and senior Rwandan government officials collaborated in designing a strategy for change.

The strategy called the ‘Strategic Capacity Building Initiative’ has begun to show positive results, although it is too early to assess its full impact. For example, in agriculture, AGI experts and government counterparts have received training in numerous areas of agricultural science and resource management and have implemented pilot interventions in particular areas of the country before scaling-up projects, which were found to be effective. These interventions are reported to have had a positive impact on farmers’ incomes and access to markets (Hymowitz, 2014). Further successes were reported in other areas of the initiative, such as government contracts with the private sector resulting in more competitive energy prices and greater energy generation and improved transparency and control of the mining industry (Hymowitz, 2014).

A case study (Hymowitz, 2014) of the initiative identified a number of factors that enabled AGI to work effectively with the Rwandan government to support these important management reforms. The study emphasises focusing on a small number of goals, rather than trying to transform the whole system, having goals that are related to function, not the form of government, and playing a brokering role to enable problem-solving by government partners rather than providing predesigned solutions (Hymowitz, 2014). In particular, the focus on ensuring local ownership and leadership of the initiative corresponds to the literature on the importance of autonomy and authenticity (e.g. Woodhill, 2010) in motivating public sector reform. For example, the case study notes the importance of President Kagame’s personal commitment to achieving the goals of the initiative which enabled the Rwandan government to overcome initial resistance to the programme from donors (Hymowitz, 2014).

An alternative example of how an external development organisation can support an entrepreneurial approach to reform is the example described earlier of how The Asia Foundation worked with reform activists in the Philippines.
to achieve land titling reform. In this case, The Asia Foundation encouraged the reform activists to reflect on their position of power within a governance network and how they could work strategically, using their personal contacts and understanding of local political and commercial interests to generate change. This approach supports Woodhill’s (2010: 56) argument that ‘capacities for self-understanding’ and ‘critical reflection’ are important for individuals to instigate institutional change.

The importance of facilitating ‘collective institutional entrepreneurship’ (Wijen and Ansari, 2007) also emerges from these examples. In the Rapid Results Initiative, teams of public sector workers were created to work together to develop new ideas, which in some instances involved service users as well as service providers, thus benefiting from the interaction between individuals with different experiences and perspectives. Likewise, the example from the Philippines demonstrates that institutional change is not necessarily created by one entrepreneur but through the formation of alliances between different organisations and by a team of activists with diverse backgrounds, sharing their contacts and knowledge and negotiating strategically.

To summarise, these examples highlight the value of an external actor creating a safe space for experimentation within another public sector. Where a developing country bureaucracy may lack management structures that incentivise public sector workers to improve service functions and instigate reform, an international development organisation may be able to create such incentives, albeit temporarily. These examples also demonstrate the importance of the international actor addressing a problem that the developing country government or local reform activists were already personally interested in solving, and within a limited period with measurable expected results. This clearly reflects the recommendations of working in a ‘PDIA’ or ‘politically smart, locally led’ manner, thus supporting the current argument for public sector reform interventions to work with the existing interests of government partners and support collective problem-solving rather than offering ready-made solutions.

However, for an international development organisation to support country partners to work entrepreneurially to solve the problems they are interested in would imply significant changes in the way in which donors work. This requires donors to move from a tradition of externally designed reform programmes implemented by international consultants to a mode of engagement based on facilitation, giving autonomy to local actors to determine the problem to be addressed and encouraging experimentation rather than prescribing the activities from the beginning. Inevitably, there are various barriers to development organisations working in this way.

A case study of a recent UK Government Department for International Development (DFID)-funded PSR programme, ‘State Partnership, Accountability, Responsiveness and Capability (SPARC)’ presents examples of how a donor attempted to promote some entrepreneurial practices within a PSR programme while revealing a number of obstacles to donors working in this way. The SPARC programme, which began in 2008, has been implemented in 10 Nigerian states with the aim of supporting ‘solutions to technical challenges identified in state government systems and processes, and thereby enhance the efficiency and effectiveness of state-level governments’ use of public resources’ (Chambers et al., 2015: 5). It is an interesting example of PSR work because it uses an extensive political engagement strategy to facilitate technical assistance and flexibly shifts its focus between different areas of government as opportunities arise. However, the case study of the programme identified a number of barriers that prevented the programme from encouraging government partners to undertake innovative problem-solving (Chambers et al., 2015).

A primary barrier to encouraging innovation within the SPARC programme was the programme’s focus on technical assistance and a belief that there are some centres of government processes that can only be improved through technical interventions (Chambers et al., 2015). As a result, there was less space within the programme for creating and testing alternative approaches to improving government processes. This reflects common findings in the literature that rather than encouraging government partners to develop solutions to problems they identify, PSR programmes often use international best practice tools in an attempt to drive forward more immediate change. As discussed earlier, such high aspirations and ambition on behalf of donors, and sometimes beneficiary governments, to overhaul a public sector may not be feasible given the actual capacity of existing institutions to adopt and maintain new systems and practices (Pritchett et al., 2010). Rather than using funding to incentivise the uptake of best practice tools, it may be more effective for donors to fund space for beneficiary public sector workers to be creative and to fund pilots of locally developed solutions.
This argument relates closely to the need to focus on function rather than form. Centre of government processes are functions that could potentially be reformed in different ways, but promoting particular tools, such as medium-term sector strategies, as in the SPARC case, emphasises the adoption of the tool rather than the purpose it is meant to serve (Chambers et al., 2015). Shifting attention from form to function could therefore allow greater space for creativity as attention is placed on the intended outcome of a reform, not the tool that is used to achieve it.

A second significant barrier to donors promoting entrepreneurialism as part of PSR is the way in which donor funding is usually managed. A key finding from the study of Ostrom et al. (2002) of Swedish International Development Cooperation Agency, and from other studies (e.g. Gibson et al., 2005; Moss et al., 2008), is that having a large, predefined budget that a donor agency must spend can result in a focus on spending large amounts of money rather than commissioning the most effective interventions (Ostrom et al., 2002; Wild et al., 2015). This can be particularly harmful where recipient country policymakers receive more aid than their institutions can usefully absorb, as discussed by Pritchett et al. (2010). According to the study of Ostrom et al. (2002), rigid systems for spending aid, increased aid budgets combined with weakened management capacity and a pressure to publically account for all aid expenditure are important factors limiting the Swedish International Development Cooperation Agency’s ability to fund development initiatives that have room for creativity and adaptation.

In the SPARC programme, the expected outcomes stipulated by the funder were relatively low, which did give the programme reasonable freedom to be flexible and pursue different reforms as opportunities arose. However, the case study did not find many examples of programme staff testing new ideas because staff felt that reporting failures was not encouraged, and so only effective solutions, rather than the process of arriving at them were recorded (Chambers et al., 2015). Consequently, the process of learning was lost, despite this potentially being valuable for understanding why a particular initiative was not successful and so how better to support reform in that context.

In general, ‘rigid contracts with fixed logical frameworks and deliverables reduce contractors and implementing partners to “painting by numbers”, limiting the possibility of a donor-funded PSR programme being able to encourage new ways of solving a public sector problem (Faustino and Booth, 2014: 27). To overcome this constraint, it would seem logical for a donor to simply commission more flexible PSR programmes, capable of piloting new ideas. However, donors are also restricted by the need to demonstrate to parliaments, voters and other stakeholders that aid money is being spent effectively (Honig, 2014). This tends to result in donors seeking a high degree of control and accountability in managing a development intervention, even if such inflexible programme contracts may deliver inferior development results. This is, therefore, a question of risk management, where the seemingly lower risk option is to control and closely monitor how money is spent, albeit at the expense of preventing more entrepreneurial work that could deliver greater development results.

In summary, therefore, donors do face various obstacles to supporting entrepreneurial working as part of a PSR programme. Development agencies, especially those that are accountable to tax payers, are under varying degrees of pressure to demonstrate clear results to politicians, the public and senior government officials. This creates a working culture that is risk-averse and favours strict accountability mechanisms for measuring results and cost-effectiveness. Allowing flexibility in programme structures and devolving considerable autonomy to country partners require development agencies to relinquish control, which goes against their risk-averse nature. Their limited appetite for experimentation is therefore largely due to the risk of failure, which could damage individual careers and political support for aid, because if results are disappointing, they are likely to be seen as failure rather than feedback for how a programme could be improved. Unfortunately, the combination of rigid spending systems, pressure to account publically for spending and often limited management staff relative to aid budgets means development agencies are unwilling to trial new approaches or devolve programme design to local development practitioners or partners.

In the face of these structural factors, which discourage donors from supporting more entrepreneurial public sector reform programmes, how can international development organisations take steps towards being less prescriptive and more open to creativity? The literature offers several examples of how entrepreneurialism could be integrated into PSR interventions. For instance, Crook (2010) and Leonard (2008) discuss the importance of identifying ‘pockets of effectiveness’ within a public sector and focusing support to these individuals and agencies whose examples of good practice may spread across an institution. Identifying individuals within a public sector who are
intrinsically motivated and capable of developing solutions and instigating change may be a valuable way of supporting public sector reform (Crook, 2010). For example, the study of the SPARC programme reported that programme staff found that ‘administrative reform works best when the design is “home-grown”’ (Chambers et al., 2015: 20). One way in which SPARC facilitated this was by embedding reform activities within a government’s own structure through the creation of offices for reform, such as the ‘Bureau of Public Service Reform’ in Kaduna state and the ‘Office of Transformation’ in Lagos state. This enabled SPARC staff to work with public service officials who were pro-reform and who had influence in government to negotiate internal support for reforms (Chambers et al., 2015).

A further example from the SPARC programme on the impact of encouraging local innovation in PSR programmes is the reform of the Lagos state bank accounts (Chambers et al., 2015). The case study describes how the SPARC team in Lagos state attempted to encourage the state government to transfer its numerous bank accounts to just one bank. The Lagos government partners were opposed to this because it was important for patronage relationships that the government uses several banks (Chambers et al., 2015). Rather than abandoning the reform, however, the SPARC team encouraged their government partners to develop their own solution instead. The idea they proposed was a ‘Nigerian Inter-Bank Settlement Platform’, which meant multiple banks could still be used but that the purpose of the reform, giving ‘the treasury an overview of all its accounts through a single window’, was still achieved (Chambers et al., 2015: 27). This example underlines the value of supporting local government partners to design reforms that work around local political constraints to change, thus achieving function through a new form.

To provide guidance for how such support could be provided in practice, Andrews and Bategeka (2013) present an approach they describe as ‘problem-driven iterative adaption’ (PDIA). In their study of how traditional approaches to PSR have had a limited impact in Uganda, Andrews and Bategeka describe concrete steps that external practitioners could take to support an entrepreneurial reform process focused on functional solutions. Similar to the ‘Rapid Results Institute’ described earlier, this involves engaging a multi-agent team of political and technical public officials who together can authorise and implement public sector reforms. The process of reform they propose begins with the team deconstructing a problem that they consider a priority. This process should enable the public officials to consider the many entry points for tackling a problem, and the reform team are then encouraged to develop a number of possible pathways to resolving it. Working backwards from their chosen goal, the pathways should identify a series of steps to achieving it that are feasible in a relatively short timeframe. The team then splits into sub-teams who actively begin implementing their steps for change. Following entrepreneurial logic, the different pathways are tested simultaneously by the teams regularly reporting back on their progress, and changing the pathways accordingly. This suggested approach therefore offers clear steps to guide how a development organisation could encourage innovation within a PSR intervention.

Finally, however, one of the greatest remaining challenges to donors in commissioning programmes that work more entrepreneurially is how to manage their funding. Donors need to feel sure that if they support such programmes, which have greater freedom in decision-making and less rigid reporting of outcomes, they will still be able to demonstrate to parliaments and voters that funds are being spent effectively. Booth (2014) suggests that for donors to develop and use more flexible funding modalities, individuals within donor organisations may need to advocate for this, behaving as institutional entrepreneurs themselves to challenge existing practices and create new ones that are more supportive of entrepreneurialism. As discussed earlier, this is more likely to happen if individuals have worked in other organisations with different management practices, and if they are skilled in negotiating change to social and political structures within their organisation. Institutional entrepreneurial change is therefore required both by public sector workers in the beneficiary country government and by those working within international development organisations to support PSR.

Therefore, returning to the premise of this article, a crucial factor determining the extent to which donors are willing to change their own ways of working in order to support more creative problem-solving in beneficiary country governments may depend on how far donors, and their stakeholders, understand development to be a complex, political process that can only be facilitated and not prescribed. For donors to adopt a more flexible and less prescriptive role in PSR, donors themselves must be able to manage effectively, recruiting competent practitioners
and being confident that delegating responsibility and autonomy to local partners results in more, rather than less, effective interventions.

CONCLUSION

Public sector reform programmes have often been based on high but misplaced ambition to overhaul a bureaucracy in an unstable environment without the existing institutions having the incentive structures, social norms or capacity to absorb and sustain such change. The recent surge of literature on how PSR can be more effective therefore advocates a more experimental approach to public sector reform, which allows solutions to be developed locally and creatively. To do this, there is a call for the development sector to integrate knowledge from the fields of psychology and organisational management into its work, and to apply learning on the importance of innovation, autonomy and ownership to PSR interventions. These are not radical or new ideas, and yet, they have not been widely incorporated into development policy, which instead has often been blind to the political realities of other countries.

This article has argued that to be able to effectively support developmental change, understanding development as an endogenous, gradual and complex process, which cannot be pre-planned and controlled externally, is critical. The argument for supporting entrepreneurialism within a developing country’s public sector is based on this understanding, proposing that in an environment that is difficult to predict, a PSR programme must encourage public sector workers to use trial and error in solving problems, learning iteratively and adapting practices to the changing context in which they work. To able to do this, this article has identified various factors from the literature on motivation and entrepreneurialism that may be helpful. These include management practices that devolve greater autonomy to frontline staff, encouraging exchange between staff from other organisations, allowing intrinsic motivation rather than providing external rewards and focusing support on pockets of effectiveness. Taking such an approach to PSR support will however require donors to allow more flexible funding arrangements, in which the development of locally designed solutions are allowed to be tested and adapted until sustainable solutions are found.

REFERENCES


