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## The connection between social and public sector innovation in the Basque Country: a theoretical framework

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*Keywords:* Basque Country, collaborative governance, public sector innovation, public policies, social innovation, social capital.

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### **Abstract:**

The present paper offers a reflection framework that relates social and public sector innovation for the co-creation of public policies, thorough new theoretical and methodological approaches, which connect them in different networks of shared governance in the Basque Country. This intermediate space of socio-political interaction involves diverse actors/agents- researchers, policymakers, social entrepreneurs, civil servants and social organizations, etc.- by facilitating new spaces of action for social innovation from a systemic and structural perspective. This paper explores this relation through the Basque public program *Etorkizuna Eraikiz*. This process is framed inside the Strategic Management Plan for 2015-2019 for the province of Gipuzkoa, which is based on a new Open and Collaborative Governance Model developed by the Provincial Government of Gipuzkoa in the Basque Country. The initiative looks to institutionalize new channels of communication through a long-term collaborative governance approach to scale and look for new social solutions that can influence public policies.

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## 1 INTRODUCTION

Since the concept of Social Innovation began to gain some importance at the end of the last decade (XX) and the beginning of the current century (XXI), there are several approaches that have been made to try to define its fields of academic-scientific study, and to clearly clarify what we understand by social innovation; how we locate it; measure it and put it into practice; how we disseminate and scale it, adapt it to

different contexts and, perhaps the most relevant question of all, why is social innovation important?

The relevance of Social Innovation resides in its capacity to create new public and social value (Mulgan, 2007; Harris & Albury, 2009). Already in the edited book by Jean Luis Klein and Denis Harrison (2007), titled *"L'Innovation social: emergence et effets sur la transformation des societies"*, these two values of social innovation –the public and the social– were recognized when both authors highlighted the relevance of the ways in which social actors look for new solutions to social problems, to answer and create new services that benefit the common interest, and improve the quality of life of citizens. They also identified in their definitions (Klein & Harrison, 2007: 3-14) that these transformations gave birth to new forms of governance and democratic development inside organizations and territories, to build new systems of actors/agents that could acquire the necessary collective learning and cognitive capital for the transformation of their environments (Lawson & Lorenz, 1999; Moulaert *et al.*, 2013).

The reflection of these authors built a clear bridge between the network of social actors - civil society and citizenship - and the democratic structures and decision centres that enable social innovation in a systemic way; namely, resources (political, economic and cultural) and public and private collaboration processes (networks, public institutions, social organizations, companies, etc.) that support social innovation.

These two aspects of innovation have led us to inevitably connect social innovation with public innovation, as inseparable concepts, since all public innovation represents some form of social innovation and vice versa, social innovation can contribute to improve the ways in which the public is innovated. According to Michael Harris and David Albury, "social innovation is innovation for the public and social good" (Harris & Albury, 2009: 16). This relationship has opened up a whole new field of analysis focused on understanding how social innovation is connected to public innovation and how it can influence the design and change of public policies.

Moreover, one of the supposed virtues of the approaches defined above, refers to the innovation of politics and public administrations, that is, governance models - especially collaborative and networked ones- that must respond to the existing gap between political institutions and citizenship and shortening, therefore, the existing gap between both (Torfing *et al.*, 2012; Torfing, 2016; Klijn & Koppenjan, 2016). In fact, governance is to a large extent a mechanism that favours public intervention in deliberation and political decision-making, creating an intermediate political space; a connector between political decision-makers and citizens.

It is precisely this intermediate political space, the place in which it is sought to match a diverse group of social actors, public and private, with the aim of promoting cooperation and the exchange of knowledge in order to guide or solve social problems. Therefore, it should not be ignored that this mobilization of social actors, resources, and knowledge not only pursues the exchange of ideas, but also the achieve-

ment of better social solutions, that is, to promote social innovation (Levesque, 2013; Subirats, 2015).

In this context, *public sector innovation* and *collaborative governance* have also become key for the creation of public and social value, by contributing to the management, design and legitimation of public policies, favouring social plurality and strengthening the role of the civil society (Torfing, 2012; Osborne, 2010; Rhodes, 1996; Kooiman, 1993). Furthermore, the crisis of representative democracies and the Nation-State, the increased depoliticisation of society, and the global economic and political transformations that are taking place in advanced societies (Castells, 2008; Offe, 2011; Burnham, 2014) are substantially changing the nature of public administrations and contemporary politics. As a result, this reality has forced public institutions and organizations to design and implement new models of internal and external management through new innovative and collaborative governance approaches (Sorensen & Torfing, 2012; 2007) which are materializing in new public sector innovation perspectives and methodologies to co-design and co-decide the future of public policymaking for the public and social good (Torfing, 2016; Bason, 2014, 2010; Osborne, 2010; Ansell & Gash, 2007; Mulgan & Albury, 2003; Kooiman, 1993).

In light of these changes, the Provincial Council of Gipuzkoa<sup>1</sup> in the Basque Country developed in 2015 a Management Plan focused in two different dimensions: *policy innovation* and *public management innovation*. The Plan, therefore, allowed for the distinction of two very broad approaches to the concepts of *Governance*, when thinking of the public sphere: on the one hand, the *Governance of Politics*, and on the other hand, the *Governance of Public Administrations*. Both of them are dependant on each other, and are in constant interaction, and are therefore crucial for the creation of *public and social value*. The first dimension –*Governance of Politics*– is related with how public institutions represent and make decisions inside the region of Gipuzkoa, whereas the second dimension–*Governance of Public Administrations*–, is focused on

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<sup>1</sup> The Basque Autonomous Community (CAPV) (2,173,210 inhabitants) is located in northern Spain and is divided into the Historical Territories of Bizkaia (1,141,442 inhabitants), Alava (321,777 inhabitants and Gipuzkoa (709,991 inhabitants). The region of Gipuzkoa, which this analysis focuses on, is a province that borders with the Southeast Basque-French region and has 11 districts and 88 municipalities. Each of the mentioned Historical Territories has its own provincial government, organized around their Provincial Councils and Regional Laws, with broad powers for the administration and socio-economic and political management of each region. These powers are framed in the Basque Country's capacity to establish its own self-governing bodies, which are uniquely granted through the Statute of Basque Autonomy, passed the 18<sup>th</sup> of December of 1979, right after the Franco regime, and recognised in the Spanish Constitution. This means the Basque Country and Navarra are the only Autonomous Communities in Spain that have right over self-tax regulation, healthcare, public safety and education, as well as complete control over their internal territorial organization. As a result, the Provincial Council of Gipuzkoa has recognised competences as a provincial institution, especially in the areas of finance, economic development, roads and social policies.

the public management regulation, efficiency, and effectiveness of public administrations in the provision of services to citizens.

On the side of *innovation in policy* and the *Governance of Politics*, the mentioned Plan has given birth to the public program '*Etorkizuna Eraikiz*' –'building the future in Basque language'– which is focused on building a shared governance approach with citizens and regional institutions –civil society, regional private companies, practitioners, social entrepreneurs, civil servants and universities– to collectively decide on the socioeconomic and political future challenges of the region by attending the needs of citizens and improving their quality of life. This strategy is based on the co-design of the new goals and expectations for the region in order to test them in real environments that can be later scaled up into specific public policies for Gipuzkoa. It therefore illustrates a public and social experimentation process that encourages institutional representatives to involve society in the collective design and test-driving process, which addresses key future socioeconomic challenges to improve social welfare.

This paper is focused on the methodological approach that has been developed to implement this program and the description of some of the results achieved so far. The first section of this paper will address some of the conceptual and theoretical foundations of *collaborative governance* and *public sector innovation* influencing the design of this program from a socially innovative perspective. The second section will focus on its' methodological approach, and the two final sections will analyse some of the achieved results and further research implications of the *Etorkizuna Eraikiz* public program.

## 2 FROM SOCIAL TO PUBLIC SECTOR INNOVATION

The increasing complexity of the processes inscribed in the governance of our public institutions to deal with equally complex social problems (Grau et al., 2010), has been an issue recurrently addressed in the last two decades, opening the way to public innovation (Mulgan, 2010; Bason, 2010). Thus, public sector innovation has slowly become an expression of social innovation, giving rise to a single ecosystem marked by the objective of seeking common social and institutional benefits at different levels of government -local, regional, State- (Morata, 2004) and through the participation of diverse actors -political, administrative and social-.

According to Geoff Mulgan (2007), "*Public Sector Innovation is about new ideas that work at creating public value. The ideas have to be at least in part new (rather than improvements); they have to be taking up (rather than just being good ideas); and they have to be useful*" (Mulgan, 2007: 6).

Christian Bason (2010) defines Public Sector Innovation "*as the process of creating new ideas and turning them into value for society. It concerns how politicians, public leaders, and employees make their visions of a desired new state of the world into reality. The concept of innovation therefore places a large-sharp focus on whether the organization is able to generate and select the best possible ideas, implement them effectively, and ensure they create value*" (Bason, 2010, p. 34).

From an organisational point of view, these two definitions of PSI (Public Sector Innovation), directly or indirectly reflect upon two important conceptions in the creation of public and social value, that is, that the source of innovation and the construction of any type of innovative network in the public sector can come from a **top down** approach and, therefore, be based on the sole inclusion of civil servants, policymakers, practitioners and other government employees; or, by contrary, supported by a **bottom-up** perspective where the importance of the “users” –citizens and civil society–, and the extension of the network to other stakeholders is necessary for the development and application of any sort of innovation in the delivery of public services.

This is a crucial input for an effective and successful change in the management of public institutions and the creation of public policies, by raising their quality, reducing costs, and increasing transparency openness, and participation, among other factors. In this sense, the methodological design of Etorkizuna Eraikiz, contemplates the merge of these two conceptions as crucial for the success of the strategic management of the program.

## 2.1 Collaborative governance as a catalyser of public sector innovation

Likewise, we find the connection between *collaborative governance* and *public sector innovation* as the central pillar of the *Etorkizuna Eraikiz* program to create *public* and *social value*. The generation of *public* and *social value* is created (Alford et al., 2013; Bryson et al., 2016) through collaboration and shared knowledge between different stakeholders in a new way of *organising work* and the *workplace* inside and outside the public institutions’ administrative boundaries. The responsibility is shared and the achieved positive and negative consequences too. This is crucial when determining *public sector innovation* as a concept that is oriented to attend the needs of citizens and improve their quality of life, promoting social innovation and social change.

According to Emerson et al., (2011) *collaborative governance* is defined as “*the structures of public policy decision making and management that engage people constructively across the boundaries of public agencies, levels of government, and/or the public, private and civic spheres in order to carry out a public purpose that could not otherwise be accomplished.*”(Emerson et al., 2011:2).

Eva Sorensen and Jacon Torfing prefer the use of the term *collaborative innovation*. It pushes the boundaries of *collaborative governance* by taking account of the whole *network* (Ansell, 2007; Ansell & Gash, 2007; Sorensen & Torfing, 2007; Klijn & Koopenjan, 2016) of public and private interrelations that take part in the processes of governance and public sector innovation. It is therefore “*focused on the participation of empowered actors with different identities, roles and resources*” for mutual and transformative learning (Sorensen & Torfing, 2011: 845, 859). This collaboration needs to enhance leadership and responsibility of the interested parties in the process of participation in order to generate new knowledge that can be later pragmatically applied.

### 3 ETORKIZUNA ERAIKIZ'S METHODOLOGICAL CONTEXT

*Etorkizuna Eraikiz*– building the future translated into Basque language– is methodologically articulated inside the Provincial Council of Gipuzkoa's *Management Plan* for the period 2015-2019. This Plan is the main tool for governmental action, and establishes the governance mechanisms that secure an efficient implementation of public policies by prioritizing their alignment with the collective social, economic, and political future challenges of the territory. This alignment was accomplished through three processes of public consultation to citizens about the perceived future challenges of the territory, and an open participatory budgeting call to co-design the public budgets of the Council for the period 2015-2019. This call is updated and validated every year in search for possible changes.

In this context, then Plan has two different dimensions (see Grafik 1):

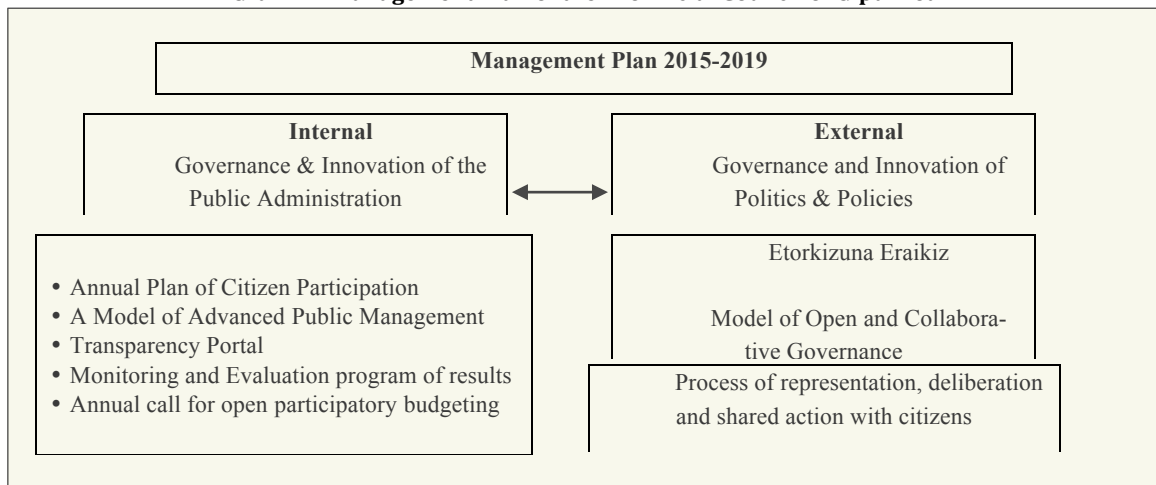
The first one is *internal* and is related to the *Governance and Innovation of the Public Administration*, that is, the ways in which we manage and deliver public services to citizens. This dimension contemplates a set of different actions within the Provincial Council:

- Annual Plan of Citizen Participation
- A Model of Advanced Public Management
- A Transparency Portal
- Monitoring and Evaluation program of results
- Annual call for open participatory budgeting

The second dimension is *external* and is related to the *Governance and Innovation of Politics and Policies*, that is, the process of representation, deliberation and shared action with citizens. This external dimension is the umbrella under which *Etorkizuna Eraikiz* is implemented, to build a new *Model of Open and Collaborative Governance* that looks to be institutionalised beyond electoral and political party interests. This means that it contemplates a long-term transformation of the ways in which policy and political action are developed. It is, therefore, based on three important objectives:

- The transformation and shared leadership of public institutions and the civil society.
- Public-private collaboration to impulse strategic projects for the territory.
- Active participation of the Government in all phases of the process guaranteeing the accountability, transparency, monitorisation, efficiency and efficacy of both the political and administrative actions.

**Grafik 1: Management Plan of the Provincial Council of Gipuzkoa**



Source: own elaboration

This paper will only address in major detail the *external part* of the Management Plan related to the *Etorkizuna Eraikiz* program, which has three major objectives:

1. Build a new Model of Open and Collaborative Governance
2. Define a series of Strategic projects to be developed in Gipuzkoa
3. Experimentation and application with local agents

*Etorkizuna Eraikiz* is divided into three interrelated branches (see Grafik II):

The first branch is based on the development of a *Think Tank* called *Gipuzkoa Taldean- Gipuzkoa in Team-*, which defines, analyse and reflects along with the civil society, private companies and public institutions, on the key socioeconomic challenges of the region through a co-participatory and *collaborative innovation* process in four main areas: regional competitiveness; education and culture; social policies and public welfare; and regional sustainability. This *think tank* is also responsible for the development of a future *Strategic Plan for Gipuzkoa in 2026*. Some of the key socioeconomic challenges and strategic projects defined in this stage will be part of the public policy experimentation process in the next branch. Therefore, this branch of *Etorkizuna Eraikiz* implies a *strategic reflection process* that is focused on four major questions:

- Where we are?
- Where do we want to go?
- How do we manage and confront change?
- Under which public policies and political actions?

The second branch is called *GipuzkoaLab* and is based on an experimentation *policy lab* approach with regional private companies, the civil society, social entrepreneurs and the third sector to design and test new economic, social and cultural poli-



cies. *GipuzkoaLab* identifies priority projects, designs the intervention strategy and the pilot experience, to finally integrate the best experiences in the policy actions of the Provincial Council, by scaling some of these projects. This selection is done through the definition of series of topics, which are divided into *strategic*, *experimental* and *public tenders* in the following areas:

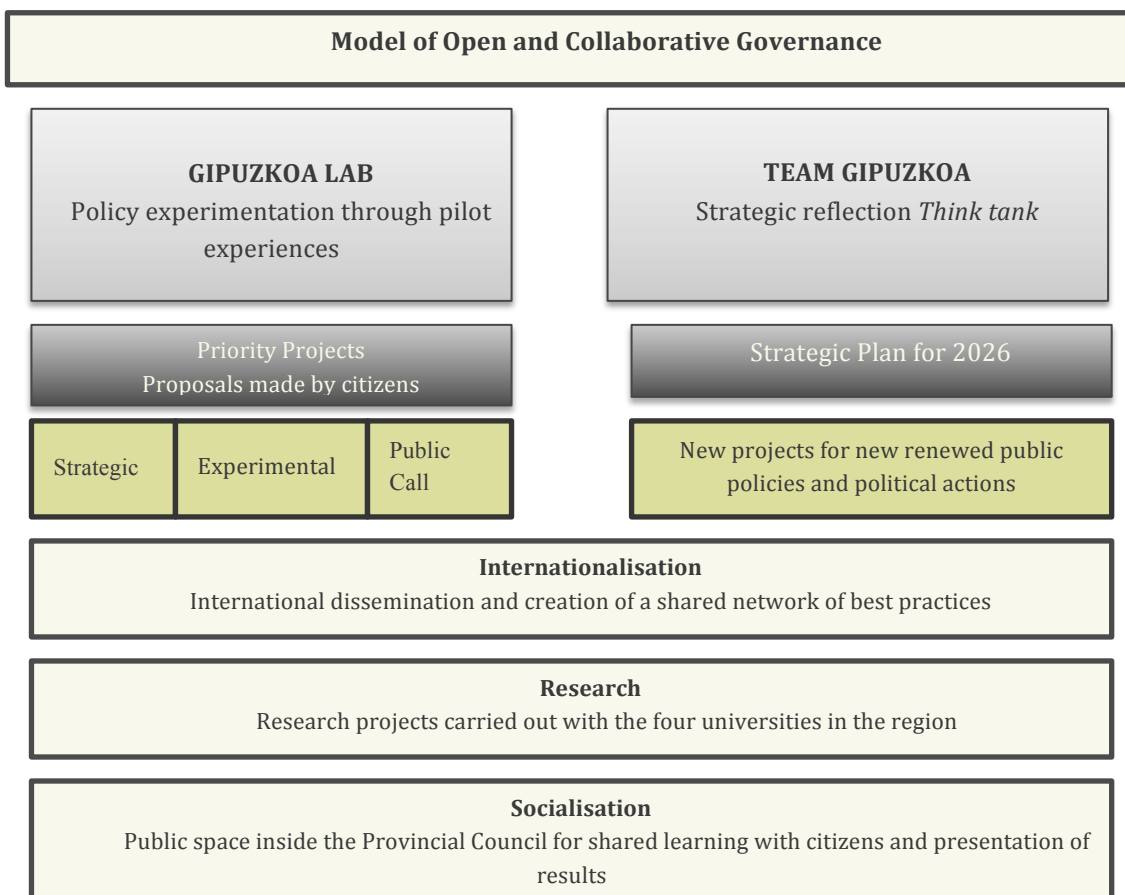
- New models of public governance
- Equality and Diversity
- Audio-visual communication of Basque language
- Reconciling work and family life
- Active aging and socio-sanitary systems
- Environmental sustainability
- Community and territorial development
- Social transformation and entrepreneurial impact

The third and final branch is divided into three transversal subareas, which are related with the other two mentioned components. The first subarea is linked to *research* and involves the four Basque universities (University of the Basque Country, Deusto University, Mondragon University and the University of Navarra-Tecnun), which look to disseminate and establish different lines of research based on the main socioeconomic challenges that have been previously defined.

The second subarea is based on the *internationalisation* of the program to create a *shared learning network*, which benchmarks and selects *best practices* in other countries and regions to learn and improve the different projects inside Gipuzkoa through a comparative and interconnected process.

The final subarea is related to the *socialisation* and scaling process of the results achieved in all stages of the program with the civil society, through a public communication strategy, which is physically represented in an open and accessible space build inside the Provincial Council. In this public space called *Gunea -Site* –citizens can learn about the different projects, and projects managers can disseminate their results to all interested parties, inside and outside the public administration.

**Grafik 2: Etorkizuna Eraikiz**



Source: own elaboration

## 4 RESULTS

It is difficult to draw specific conclusions based on the results achieved so far since the public program is still being implemented, ending in 2019. This paper is more interested in the design of the collaborative governance strategy than in the description of the tangible outcomes-projects that have been developed so far. Nevertheless, the application of *Etorkizuna Eraikiz* has been able to reinforce the connection between the top-down and the bottom-up relation of collaborative governance processes, that is to say, it has been able to connect the general strategic conceptualisation of *Etorkizuna Eraikiz* to specific projects developed by citizens and different stakeholders –*top-down*, and at the same time, these projects are reshaping and redesigning the original strategy through the public experimentation process–*bottom-up*–, which feeds the reflection discussion that is being conducted in the *Think Tank* for the design of future public policies.

Moreover, *Etorkizuna Eraikiz* is also making a significant impact in the *internal* and the *external* relations that the Provincial Public Administration has within its different departments, by redefining the connection of civil servants and policymakers with the projects that are being developed. Although resistance to change, and departmental silos are difficult to break, the implication of public officials is being crucial for the correct management of the program. As a result, this process is having a major influence in the organisation of the *internal* public workplace of the Council, and also in the way the different external stakeholders – civil society, private companies, citizens, Third Sector, Universities– are interacting with the public administration, by reducing the barriers to direct collaboration and implementation of public policies.

With respect to the projects that are being developed at this stage of the program, in the last three years, *GipuzkoaLab* has launched a total of 58 projects through a series of public calls (see Table 1). Six of this projects are *strategic* and are focused on the following lines of action:

- An Industrial Cybersecurity Center
- Reference centre in active aging and social dependence
- An Institute for Climate Change
- Experimentation pole on electro-mobility and efficient energies
- Future sustainable mobility infrastructures
- Creation of a Cultural Center-Koldo Mitxelena 2040

The number of experimental projects launched so far are 17 and are focused on the following areas:

- Audiovisual Lab for the study and promotion of Basque Language
- Workplace Innovation
- Conciliation between work and family life
- Active aging
- Smart cities-smart tourism
- Industry 4.0.
- Communication with citizens
- Social policies and social inclusion

Finally, the open public call for citizens has advanced 35 projects in subsequent topics:

- Circular Economy
- Collaborative Governance with the University
- Local Gastronomy
- Social Innovation
- Impact of public subsidies and social impact of companies in Gipuzkoa
- Active aging
- Young unemployment
- Entrepreneurship and business commitment
- Digital social innovation
- Community development and social exclusion

**Table 1: Gipuzkoa Lab projects 2016-2018**

<b>Strategic projects</b>	Industrial Cybersecurity Centre
	Adinberri-Reference centre in active aging and social dependence
	Institute for climate change
	Experimental pole in electro-mobility and efficient energy
	Sustainable mobility infrastructures
	Cultural centre-Koldo Mitxelena 2040
<b>Experimental projects</b>	Audiovisual Lab for the study and promotion of Basque language
	Workplace innovation
	Conciliation between work and family life
	"Living at home"-active aging elderly home assistance model
	Etxean-goxo- Enjoying home-active aging
	Gastronomy 4.0
	GazteOn SareLan-System of social protection and inclusion of the young
	Gipuzkoa Coopera- Development Cooperation
	New Culture of Patronage
	Industry 4.0.
	Elkar Ekin- Plan for Social Inclusion
	Promotion Plans SMEs
	Future open budgets for Social Innovation
	Office of Communication with citizens
	New governance council for the internal management of the future
	Good governance council-internal management code of ethics, values...
Jaikiberri-gastronomy	
<b>Citizen proposals</b>	Social ecosystems in the Goierri region
	Circular Hub-circular economy
	OasisLab-social inclusion through the oasis methodology
	ETXEAN-new attention model at home
	Bizilabe-research network for the young
	University and Collaborative Governance
	Geroa Lantzen-project to fight Alzheimer through networks of social cooperation
	Design and validation of processes of promotion of equal conciliation
	Zizarra- Methodology to measure the impact of public subsidies
	Gipuzkoa Territory of Social Innovation
	Audiovisual creation and production in Gipuzkoa
	Technology centers in Gipuzkoa and Germany: A comparative analysis and proposals for action
	On bizi-rehabilitation of people with handicaps/disabilities through robotics
	Euskaltrust-Training centre for social design
	Bizibide-New model of cooperative training
	Gipuzkoa teach
	Elkar Ekinez-social inclusion/social participation
	"Coexistence Knowledge" through the professional experiences of athletes
	Bakuntza-intergenerational transfer of knowledge and learning
	Affective attention of elderly people
	Social impact of companies - Self-diagnosis of the social impact of companies in Gipuzkoa
	Dual FP walkways - Dual engineering and competencies for the Industry 4.0
	Training network for Employment of Adults in Exclusion
	PLASMA-Visibility of Community development (Auzolan)
	GIGET-Developing industrial competences permanently
Nirea. Azoka Plaza Rurbanoa-Maintaining alive the primary sector	

	GU GEU GEA-promotion of education in values with kids and teenagers
	Lkaleak-Network of Community Support for the elder
	Ekin-Adinari- Device to promote de management of age and the transfer of knowledge
	Basque Lanzadera project 8-promotion of young entrepreneurship and innovation
	In SAIAZ-the community self-help support for the elderly in a vulnerable state, neighborhood network and voluntary work formula
	Age: device to promote age management and the transfer of knowledge
	Creating the bases for the business commitment in Gipuzkoa: a process of social construction
	EnGaAlatu

Source: own elaboration

## 5 CONCLUSIONS

The strategic management of *Etorkizuna Eraikiz* gives us the opportunity to discuss the socially innovative implications of PSI and *Collaborative governance* in the next steps that the program will have to follow to successfully fulfil its expectations. The context dependant nature of the implemented projects, the possible shifts in government, the challenge to scale up citizens proposals or the difficulty to overcome departmental silos within the public administration, are some of barriers that *Etorkizuna Eraikiz* will have to face in the future. Moreover, the increasing complexity between government interests, public organizations, private actors, non- public organizations, and citizens, requires the merging of top-down and bottom up approaches, when thinking about the construction of a Community or Network inside and outside the public sector.

The influence of social innovation on public innovation is still a field filled with unknowns and multiple possibilities. The solutions and approaches that can respond efficiently, effectively and transparently to the set of social needs of the citizenship, ensuring the creation of public and social value, and the institutionalization of cultures and innovative practices, are complex and have a long way to go. In this regard, the complexity of the processes linked to social innovation and its intangibles, together with the idiosyncrasy of the historical contexts, the culture and the socioeconomic factors that influence it in different countries and regions, constitutes an important challenge when it comes to disseminating, replicating and scaling good practices and apply new governance models to the public domain.

Concerning the experimental nature of this program and its piloting projects, it still not clear how and which citizen proposals and experimental projects will be selected to influence the design of future public policies, and the impact they will have in the development of the Strategic Plan for 2026. In this context, we have to distinguish between the whole experimentation strategy adopted inside GipuzkoaLab and the piloting nature of some of its actions to policymaking. A piloting experience is always easier to develop and generates less risk. Also, quick and immediate evaluation is difficult, most of the times we can only acknowledge results on the long-term perspective.

We therefore, have to consider **failure** as a major example to achieve the correct learning strategies, the identification of new challenges, barriers, skills, etc. In this sense, **reliability** is more important than success when experimenting. Knowing that we can rely and trust public administrations to do the right thing is crucial. Intended outcomes are, therefore, more difficult to accomplish due the complex nature of multi-stakeholder and cross-sector collaborative process. Furthermore, regardless of the efforts of the actual government to agree with other parties on a long term approach to institutionalise this Model of Open and Collaborative Governance, there is a risk that other political parties in office can change the dynamics of the actual *Management Plan* in the future.

Another important factor is that unresponsive or hierarchical regulatory frameworks can hinder the capacity to experiment in different contexts/departments within the public administration. Moreover, funding for internal innovation, continues to be tied to departmental budgets and the incapacity to build shared learning strategies for the effective transfer of knowledge. In addition, there is still a shortage of risk capital for external, private-sector innovators to invest in the development of innovative public sector solutions at internal level.

Finally, the complexity of the process of innovation and the influence of contextual socioeconomic and political factors at different administrative levels, is certainly an important challenge when trying to diffuse and scale-up good practices in the form of new governance models or social innovations in the Public Sector. With regard to this matter, *Etorkizuna Eraikiz* may encounter more barriers within the public administration that in its direct interaction with citizens.

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