

Guardian Public Services Summit, 4 February 2010

**‘Resistance to Change’ in the Public Sector: Some Sceptical Comments**

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Director, ESRC Public Services Programme, 2004-10

1. If there is a perception that the public sector is more resistant to change than the private sector, is that perception accurate? How would we know? Is there a usable metric?
2. How helpful is this simple public-private sector dichotomy? What does it leave out, assume away or gloss over?
3. Shouldn't a more 'grown-up' debate focus on what kinds of change and innovation different kinds of organization are particularly well-fitted for and what kinds of change and innovation they're less motivated or able to pursue?



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# Can the Public Sector Innovate? A Few Examples



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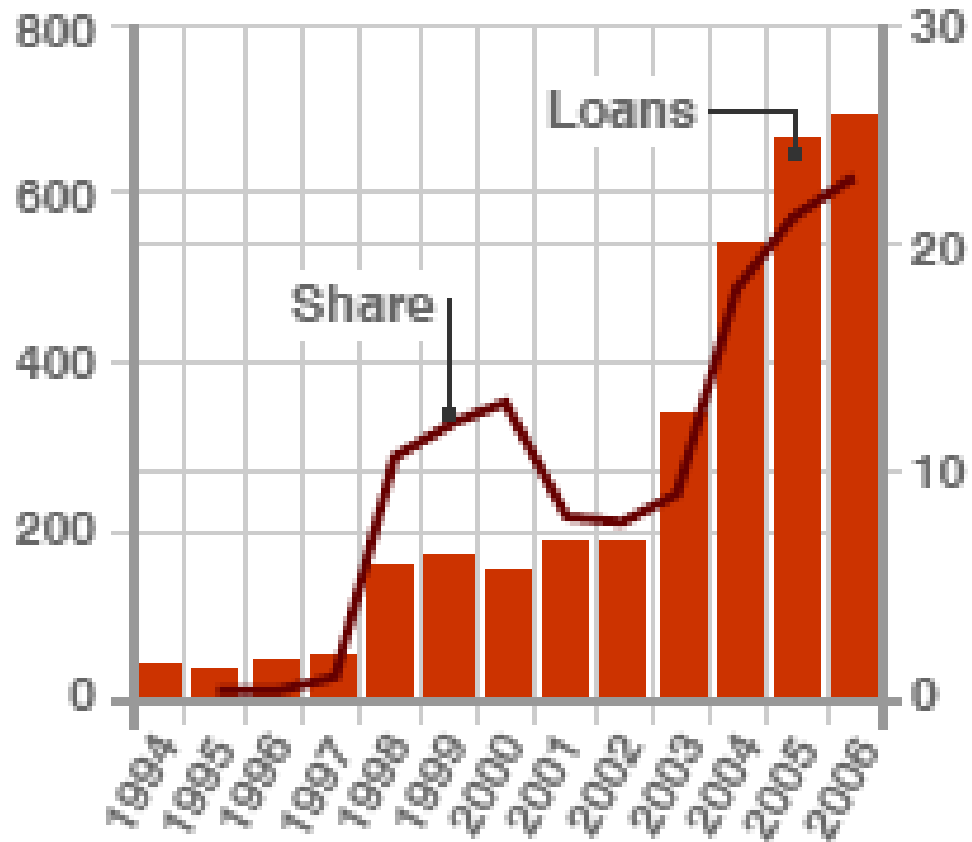


## Is all change desirable?

### GROWTH OF SUB-PRIME LENDING

Annual volume of  
sub-prime \$bn

% share of  
mortgage market



SOURCE: Center for Responsible Lending  
/Inside Mortgage Finance



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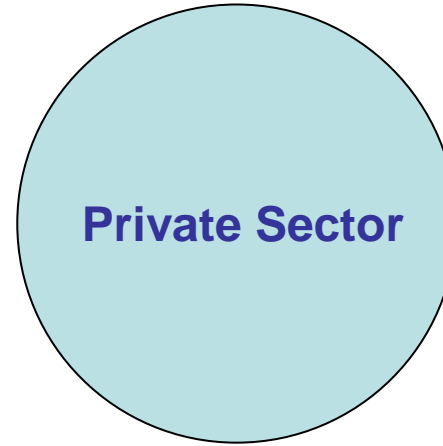
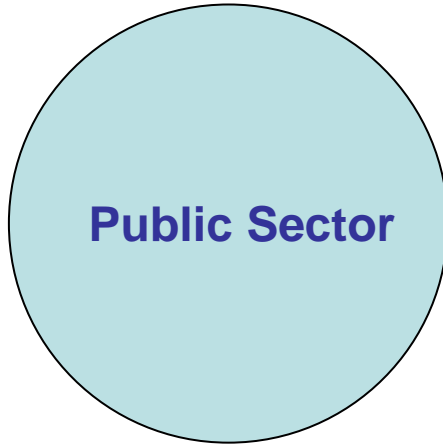
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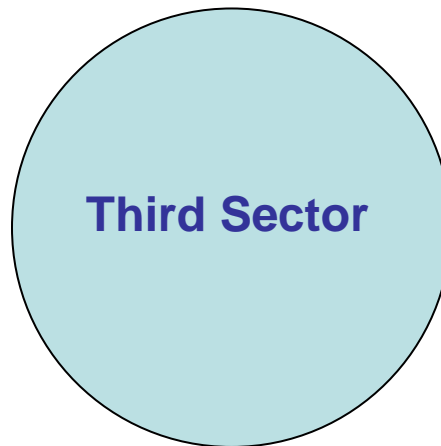
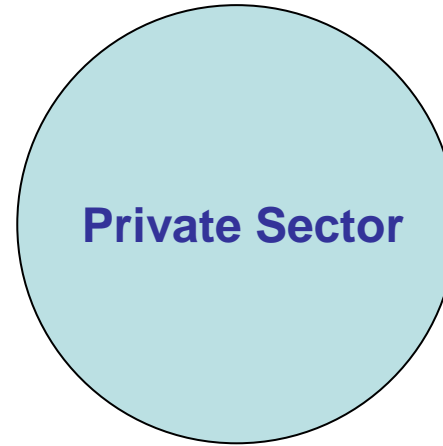
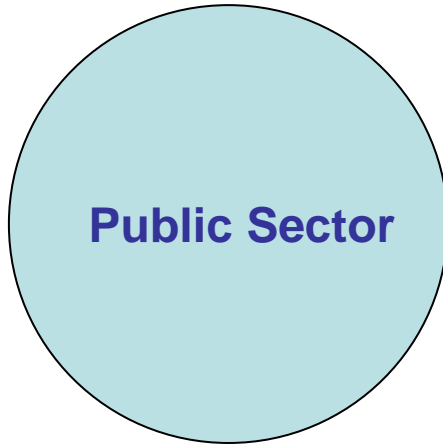
**The world isn't as simple as this...**



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## Don't forget the 'third sector'...

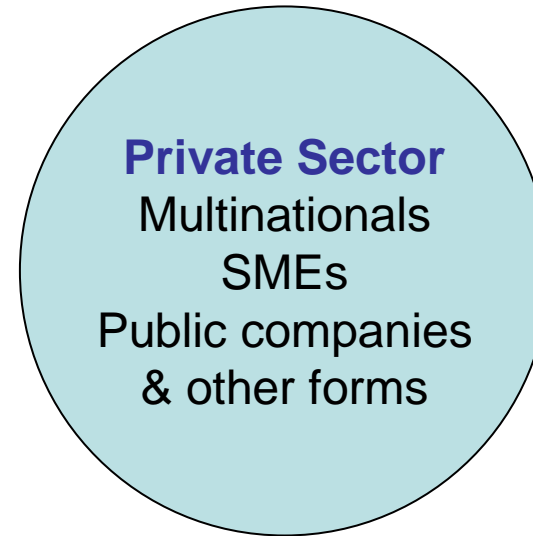


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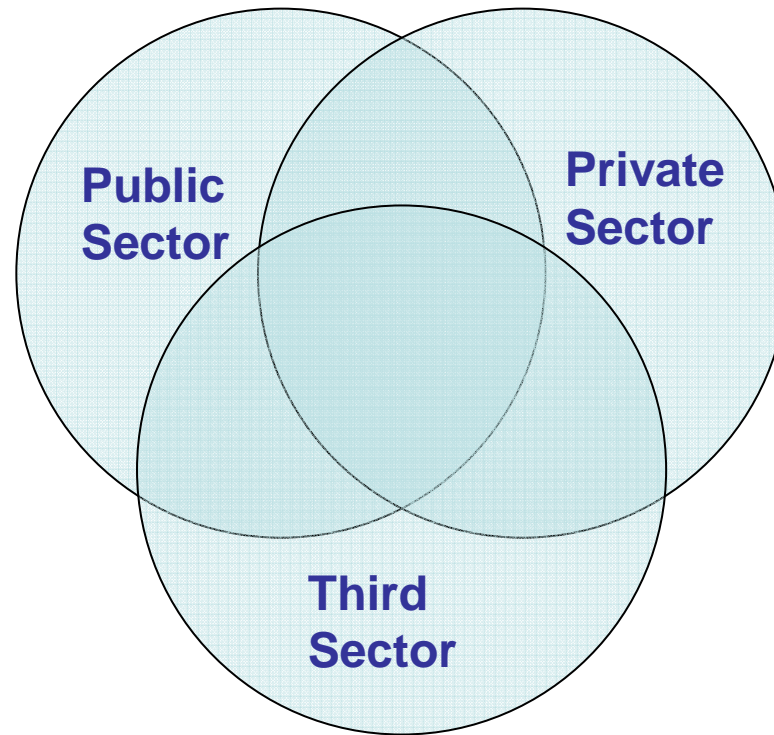
**And none of these sectors are homogenous, but divide into sub-types that often vary in their innovativeness...**



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**Finally, these sectors heavily overlap, with the most interesting specimens often to be found at the margins...**



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## **What kinds of organizations are best placed to effect the following kinds of change?**

- Creating the conditions for new markets (e.g. in water rights)
  - Shaping the scope for innovation by private and third-sector bodies
  - Developing 'public goods' (e.g. handling systemic risk, public-domain research)
  - Developing new forms of exercising 'public power'
- 
- Developing product, service and capital markets (e.g. new financial instruments)
  - Turning ideas into saleable products
- 
- Developing unconventional new forms of public services
  - Filling gaps in public and private sector provision
  - Developing new public 'challenge' functions