

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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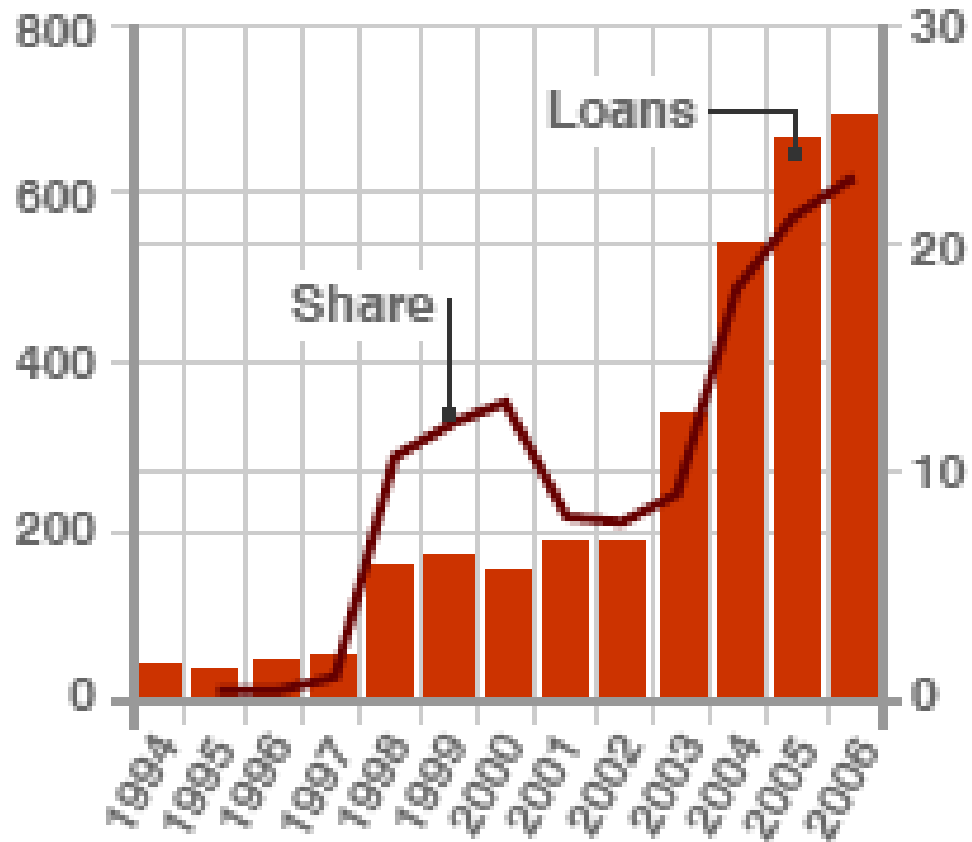


## Is all change desirable?

### GROWTH OF SUB-PRIME LENDING

Annual volume of  
sub-prime \$bn

% share of  
mortgage market



SOURCE: Center for Responsible Lending  
/Inside Mortgage Finance

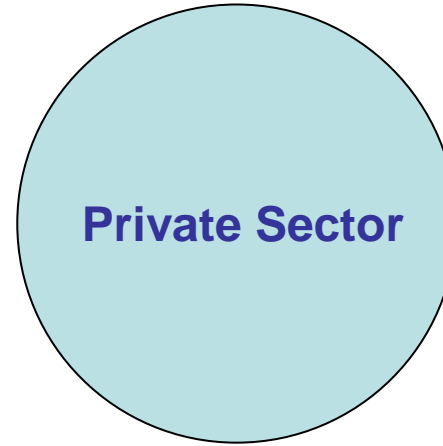
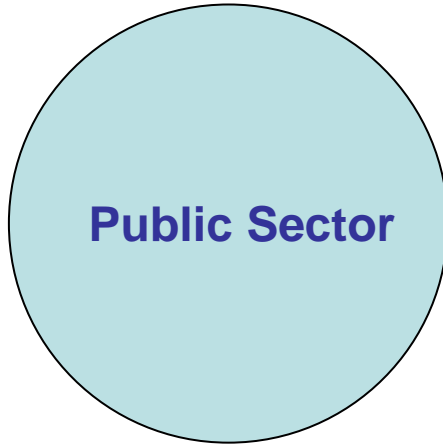


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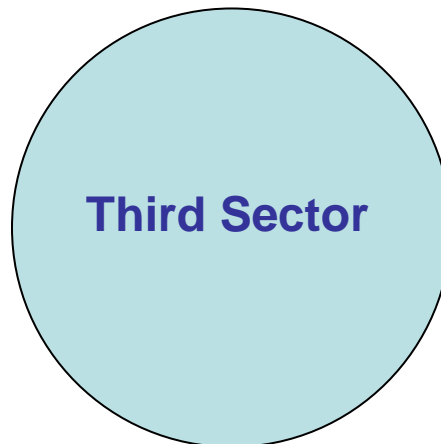
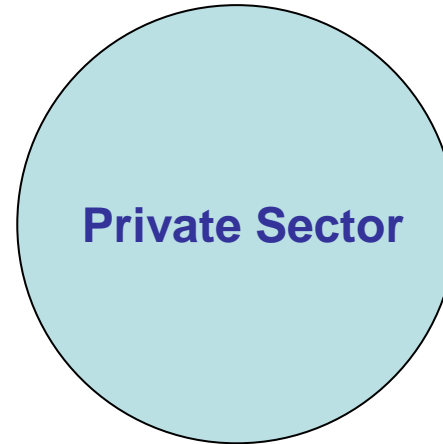
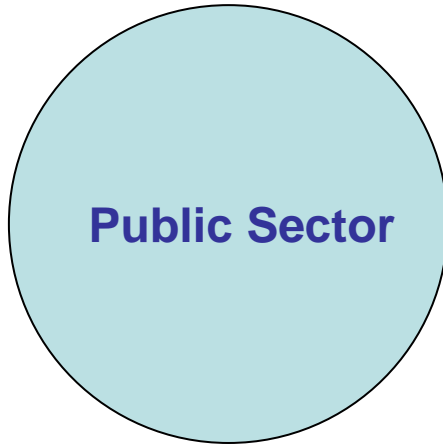
**The world isn't as simple as this...**



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

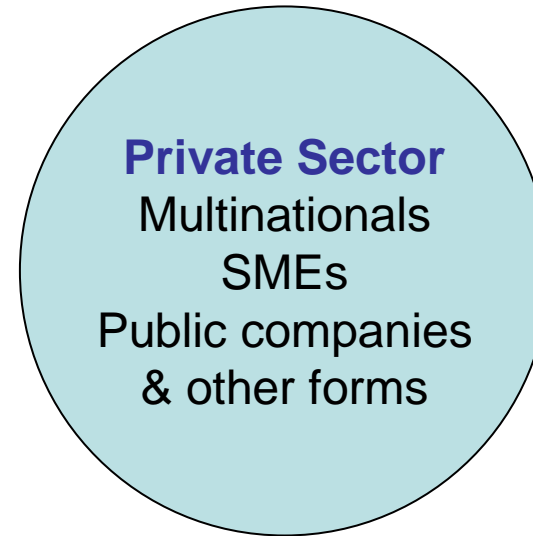


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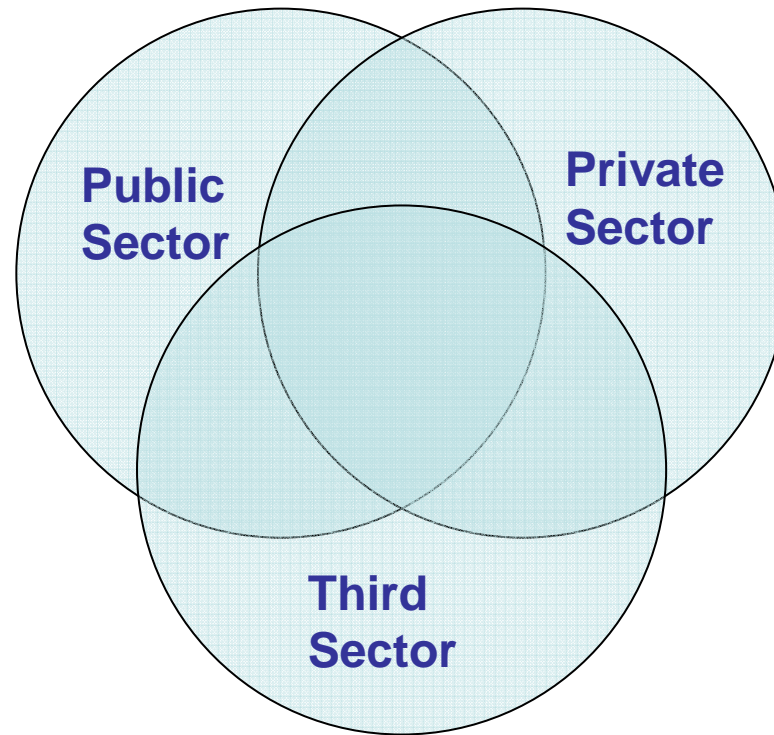
**And none of these sectors are homogenous, but divide into sub-types that often vary in their innovativeness...**



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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