Introduction

SITUATION AND GOALS

The primary goal of this book is to improve the level and success of innovation in public services by developing and applying an integrated model of public sector service innovation that includes culture as a key element. As a test of our primary hypothesis, and as a contribution to current public policy, we have developed and applied such a model to one case, the subject of in-home care services for independent living – the ability of seniors and others with disabilities to live in their own homes with medical and social support.

Public services, whether funded and/or managed by government or the private sector, are an important and growing part of all advanced societies. Populations are becoming older: by 2050, the number of older persons (65 years and older) in the world will exceed the number of young for the first time in history (Population Division, Department of Economic and Social Affairs, United Nations, 2001). With this dramatic growth in population will come an unprecedented demand for health and social services. This is a global phenomenon, with its greatest impact today in the developed world, but growing in the developing world as well.

Technology is increasingly identified as a source of new solutions. Of particular interest are 'disruptive' platforms like telemedicine and remote monitoring that can fundamentally alter the nature and location of care delivered. The United States, the United Kingdom, and Scandinavia are among the most aggressive in developing and attempting to use technology as an integral part of the solution to delivering more services in a cost-effective manner.

Independent living for seniors and the disabled is a crucial social and economic issue for the foreseeable future in the developed world. Citizens are becoming more demanding. In the United States, seniors

wield significant political influence over decisions involving health and social services. The United Kingdom and Norway, both of which provide extensive public-paid and managed health systems, are the focus of intense debate over the future of those services. Japan, the most aged society in the developed world, is actively grappling with citizen and government responsibility for care (Anttonen et al., 2003; Coye et al., 2009; Department of Health (UK), 2010). We find these differences so important that we have focused on both creating theory and developing evidence to explain them.

Existing theories and tools for innovation, while competent, display gaps in their ability to include and integrate the range of social, strategic, and tactical considerations at play in public services. The most obvious gap is the implicit assumption that service innovation is culturally neutral, that there is a set of common principles that can be applied everywhere, and that location is not a compelling consideration. As a by-product of this view, people are viewed as acting in one and only one role with respect to public policy on services: that of a consumer.

In sum, independent living highlights three fundamental dichotomies within society:

- Conflict over a greatly increasing demand for care at a time of stable or diminishing supply of caregivers.
- The tension between developing assets (like new technology) and applying those assets as a coherent service.
- The potential conflict of roles for each of us, as citizens, and as potential customers for a critical service.

A central objective of this book is to understand the underlying tensions and how they can be resolved. The first of these – the increasing imbalance in demand and supply – is the least tractable, based as it is on fundamental demographic trends and disease and behavior patterns that have built over decades. The second conflict – developing technology versus services – is emerging as the largest challenge for service providers. The final tension – that between customer and citizen – is the primary focus of our consumer research, and attempts to identify the issues over which such conflicts arise and how they might be resolved.

HYPOTHESIS

Our primary hypothesis is that culture is a critical element of understanding innovation: people with similar consumer characteristics (age, health status, issues of concern, and so on) will have very different responses to what is considered valuable and innovative based on their location and culture. In this context, we consider culture to be the customs, arts, social institutions, and achievements of a particular nation, people, or other social group (Korpi, 2001; Burau et al., 2007). Specifically, we consider it to be the attitudes and behavior characteristic of a particular social group. This hypothesis is based on two main arguments:

- Cultural and societal factors will have a significant influence on how an innovation is perceived and acted on in different countries. We expect to see significant variances in preferences for services across countries, even where age and economic profiles are similar. We would propose that significant differences in preference for services are likely to be the result of cultural and societal differences, rather than fundamental differences in the health or economic status of the respondents.
- More specifically, we expect that members of societies will act differently collectively than the interest of the individual consumer of services would dictate. Societies with a more established history of public services will tend toward government-based solutions, even if it is not necessarily the optimal model for individual citizens or select classes of citizens. Conversely, societies with a more private market ethic may choose to support models of care that value such an ethic over access to care or potential equity across social groups.

APPROACH

Our approach is the blending of a detailed study of a specific service with an initial framework, leading to the development of a specific model of public service innovation. This is based on our conviction that the best test of evolving theory is its beneficial application to specific societal problems.

We start by proposing an initial framework for public innovation that identifies what we consider to be essential characteristics for success: demonstrable market needs, service and technology innovation, a sound business model, and supportive public policy. Understanding these characteristics required developing a series of parallel analyses in areas that are not traditionally well represented in innovation studies: a detailed study of the content area of independent living, and a study of cultural factors that differentiate societies and markets for public services.

We then blended those analyses with an existing core model of service innovation – the Service Innovation Triangle (SIT) (Furseth and Cuthbertson, 2016) – to create a new, integrated model of public service innovation. That model identified a number of content areas and relationships where citizens, providers, and governments face critical decisions for service planning.

Our analysis highlighted specific areas in which current theory was not sufficient to address the issues surrounding public service innovation. We responded by developing a second iteration of the SIT Model for public services whose primary characteristic was a strong representation for the role of culture.

We then translated those content areas and relationships into a detailed citizen opinion survey designed to test our primary hypothesis about the role of location and culture (versus health status, economics, gender, and other considerations) in determining the nature of public services innovation. We deployed the study to more than 1100 citizens of four countries (the United States, the United Kingdom, Norway, and Japan) and evaluated the results. Specifically, we test the hypothesis that similar people (by age, gender, economic resources, health status, and other factors) will hold different views of innovation, and that these views will be consistent with the cultural characteristics of their location. In other words, when faced with important use and policy questions, people will answer first as citizens, then as consumers. We would expect those differences to vary greatest over issues of greatest social import, like the role of government in the organization, delivery and financing of services. We concluded with a series of findings and implications.

BOOK OUTLINE

The outline of the book follows the approach described above. Part I describes in more detail the need for radical innovation in public services, including the rationale for the importance of public service innovation, independent living, and a critique of current innovation theory. It then proposes the initial framework for our study of public service innovation.

Part II provides the initial analysis conducted of two central elements of our work: independent living and culture. We propose frameworks for understanding the specifics of each area and identify issues and key stakeholders that link to the innovation framework proposed in Part I.

Part III introduces a core model of service innovation – the Service Innovation Triangle (Furseth and Cuthbertson, 2016) – as a basis for understanding a wide range of issues in service innovation. We then use specific service, technology, and cultural data to propose an enhanced model of public service innovation that generate specific questions and hypotheses for our work.

Part IV details the citizen opinion survey we initiated in four countries to test specific areas of public service innovation for independent living, including an analysis of results. Part V concludes with our view of the implications of the study for public services innovation practice and research.

MAJOR FINDINGS

Our primary conclusion is that culture – as represented by country of survey origin – is the only truly broad-based variable that drives statistically significant differences in response. It is in our role as citizens, not consumers, that we differ most strongly, and it is that role primarily that differentiates our view of innovation and response to public services, technology, and policy in our respective societies.

This is most evident in the differences between the various countries in the present, near future and future desired role of government as responsible party, service provider, and source of financing. In each case, people of very similar age, health condition, economic status, and perception of key issues and needs reached

very different conclusions about the role of government. Those differences – ranging from the highly local government-centric viewpoint of Norway to the heavily private market orientation of the United States – are consistent with the structure of their societies and approach to public services. A second area of divergence is willingness to consider and use technology. Despite very similar current use and satisfaction (or lack thereof), citizens of different countries vary widely in their interest and potential acceptance of technology. These findings, too, are consistent not with consumer-oriented behavior, but rather with social structure and attitudes toward technology and privacy.

These findings, we believe, validate our primary hypothesis. Social characteristics are critical to understanding public service innovation. Those differences should be explicitly studied in an appropriate framework that blends the social sciences with a view of key functions and stakeholders for innovation. Empirical data on individuals should focus on teasing out the potential differences in response by roles of consumer and citizen.

This central role of culture in public service innovation has significant implications for service development and public policy. These implications will help shape our whole approach to innovation, going beyond understanding what users of public services want as consumers (which is largely consistent), to how to manage innovation for citizens (which is largely inconsistent). The key implications are:

1. Consider both 'users' and 'citizens'. Balance the traditional investment in business planning and consumer analysis with an early and deep understanding of culture when considering public service innovation. Pay particular attention to those areas where user and citizen views may be in conflict. Invest in strategies that are likely to work best within the existing cultural framework of the location you are entering.
2. Target the initial search for ideas. Rather than pursuing a 'blue sky' search of all possible ideas for public service innovation, focus on those ideas that have been adopted and supported in one's own culture or those similar to it. While the novel idea that conflicts with important cultural elements may have intellectual appeal, it is unlikely to gain the traction necessary for successful implementation.
3. Beware the 'inevitable global service'. Technology-based services

are holding an increasing share of corporate and public attention in delivery of both public and private services. This is particularly evident in health and social services, where telehealth, remote monitoring, social networking, and similar solutions are being singled out as models for future development. This apparent emerging consensus of 'innovative approaches' is meeting with very different responses locally, based not on the merits of the technology alone but on its fit with local culture. In the case of in-home services for independent living, privacy and the role of local government are particularly sensitive issues. The more important culture is to service innovation, the less likely it is that a single technology or service will represent a 'consensus' solution that can be widely implemented. That is to say, cultural differences will undermine the ability to implement a single model of service that addresses 'hot button' issues like business model, government role, privacy, and the like with equal satisfaction across markets.

4. Consider local capacity above global. Emerging technology-based service solutions like telehealth are being developed and marketed by multinational firms looking for an opportunity to use a common template for service over multiple markets. This often conflicts with legal and regulatory environments that stress local control over providers and tend to inhibit national, and particularly multinational, initiatives. As a result, local capacity is a particularly critical element of successful public service innovation.

5. Balance development across all dimensions of the service: user demands, technology platforms, service systems, and regulatory policy. Success will come from matching a willing market to a disruptive service platform that is embedded in a solid business model and a supportive public policy environment.

Culture can make the difference between innovation success and failure in public services. These findings, we believe, validate our primary hypothesis and argue that public service innovation should be explicitly studied in a broad framework that blends the social sciences with more established models of innovation.