

## CHAPTER 19

# Searching for patterns of innovative public service delivery: Institutional design in Finnish public administration

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## ABSTRACT

*The aim of this chapter is to study institutional design in collaborative innovation processes in Finnish public administration. Using a multiple case study approach, we examine five collaborative innovation processes based on a co-design method. We formulate our understanding of institutional prerequisites by examining the goal of collaborative innovation programmes, collaborative innovation stakeholders (who), the scope of co-production (how and when) and the systemic adaptability of institutional design as a way to identify patterns across cases. The results emphasize the importance of systemic adaptability. Despite this, public organisations seem to be guided by systemic limitations, thus hindering the potential for collaborative innovation.*

*Keywords: collaborative innovation, co-creation, institutional design, systemic adaptability, Finnish public administration.*

## INTRODUCTION

Collaboration is a prominent feature of public sector innovation and has gained increasing academic attention (Hartley et al. 2011; Torfing 2018). Yet, despite the promising prospects of various conceptualisations and methods, public sector organisations still struggle to make collaborative innovation processes work (cf. Tuurnas et al., 2019). Consequently, there is a need to investigate the actors involved to better understand the dynamics of collaborative innovation processes in specific local institutional contexts.

Our study is based on an analytical framework connecting collaborative innovation literature with the idea of *systemic adaptability* of institutional design in “collaborative arenas” (Torfing 2018; Virtanen & Kaivo-oja 2015; Walker et al. 2015). In line with Torfing (2018), we argue that the adaptability of institutional design, in the form of rules, norms, procedures, and routines, has a great impact on the dynamics of collaborative innovation processes and their outcomes. In particular, they determine *who* collaborates, *how* they collaborate, and *where* the collaboration takes place (p. 7; see also March & Olsen, 1989). Against this backdrop, the research task is to trace patterns in institutional design that can explain the outcomes of collaborative innovation processes. We empirically analyse five Finnish cases of collaborative innovation by identifying patterns from an institutional perspective. We examine elements that may support or hinder innovation processes in specific contexts and reflect on these elements against the systemic adaptability (or lack thereof) of the institutional design. Focus-

ing specifically on systemic adaptability and the role of different local and national public actors, we ask:

*How can public organisations support collaborative innovation through institutional design?*

We build on Jacobsen et al.'s (2020, p. 16) findings from the telecommunication sector: implementing a structure characterised by decentralisation, autonomy, and task variation will in itself induce innovation, this says that structures and deliberative design do matter in the search for successful innovation processes. As will be demonstrated in the results of the chapter, this is also an important concept and holds true for this study.

## CONCEPTUAL BACKDROP

Innovation in the public sector is a relatively novel area of research that has been pursued internationally since the turn of the millennium (Moore & Harley, 2008). As in the management of collaborative innovation, public-sector leaders (politicians and managers) often need to consider various actors and conflicting demands during the innovation processes (Aggers & Sørensen, 2018; Walker, 2013). This basic premise can be seen as a hindrance, but it can also be harnessed as an asset for innovations, especially in the public sector, which intrinsically includes a variety of actors (Moore & Hartley, 2008).

In line with formerly mentioned concepts emphasizing the openness of innovation processes, the concept of *collaborative innovation* underlines the multi-actor nature of innovation processes, often used in the public sector context (Hartley et al., 2013; Torfing, 2018). In collaborative innovation processes, professionals from various organisations, politicians, citizens, private companies, and NGOs are integrated into the innovation process, ideally increasing the quality and quantity of services by contributing a wide variety of innovation assets. Collaboration changes the assessment and sharing of risks and benefits, as well as the commitment to the implementation of new solutions; it also helps mobilize resources and diffuse innovation. As a fuzzy concept, collaborative innovation can entail a variety of activities in different phases of public service delivery or policy formulation. Overall, one can conclude that collaborative innovation is a complex process that takes place at diverse points of public service delivery or the policy formulation chain (Sørensen & Torfing, 2011).

From an institutional perspective, collaboration may transform the norms and rules of public service organisations – innovation and change are overlapping phenomena (Osborne & Brown, 2005, p. 5). Value tensions and competing agendas are always present in collaborative processes, possibly hampering the innovation process. Indeed, change resistance and value conflicts can be

identified as two of the core dilemmas for collaborative innovations (Agger & Sørensen, 2018). Therefore, achieving successful outcomes requires the identification of barriers inside the organisation. This may mean both cultural and structural obstacles, such as complex organisational structures or accountability systems (Osborne & Brown, 2005).

The idea of systemic adaptability underlines the necessity of examining collaborative innovation processes in a holistic, systemic way. Having innovative managers, engaged staff members, or active external actors will not be sufficient to implement transformative changes – there is a need to focus on the overall logic of service organisations in relation to systems (Virtanen & Kaivo-oja, 2015). Virtanen and Kaivo-oja (2015) stated that in adaptive frameworks, governance ideally comprises partnerships, resilience practices, client-centred service delivery, embedded service systems, and new accountability definitions (p. 82).

## ANALYTICAL FRAMEWORK

Our framework assumes that institutional support is needed to ensure a successful innovation process (Agger & Sørensen, 2018; Osborne & Brown, 2011). This argument highlights the importance of adaptability in the institutional design of collaborative innovation processes, such as commitment by top managers and politicians, participation by staff and adjusted legal and structural frameworks. Following the notions of collaborative innovation scholars (e.g., Hartley et al., 2013), we argue that collaboration dynamics, especially concerning the roles of collaborative actors alongside the inclusion of those actors *throughout* the innovation process, is a way to obtain effective outcomes. This notion is strongly present in the co-production literature as well (cf. Bovaird, 2007; Osborne & Strokosch, 2013; Verschuere et al. 2012). To answer our research question, we formed an analytical framework to examine our empirical cases based on four key aspects related to rationale, key actors, methods, and outcome:

- 1) *Case and goal of the programme (why)*
- 2) *Collaborative innovation actors (who)*
- 3) *The scope of co-production (how and when)*
- 4) *Systemic adaptability of the institutional design (as a way to explain outcomes)*

First, the case and goal set the basic premises underpinning the institutional design of collaborative innovation processes by clarifying the purpose for which the programme was planned and/or implemented. Second, by

examining the collaborative innovation process, we form an understanding of the key actors involved in the innovation process: *Who* has been invited to participate? Third, by examining the scope and methods of collaborative innovation, we can develop an understanding of the exact scope of collaboration, in which phases (*when*) of the service delivery chain the collaborative innovation took place and *how* they occurred. These aspects go beyond a simple description of the participating actors and the possible tensions within the process. Especially by examining what exactly has been done, we can help unpack innovation (see Fagerberg, 2005). Finally, by illustrating the systemic adaptability of institutional design, we can understand the meaning of systemic adaptability for the outcomes. When analysing the outcomes, we consider the systemic approach: outcomes are always emergent and defined in an interplay with multiple factors. We argue that these aspects, although by no means all-embracing, can help trace patterns that can explain the outcomes of collaborative innovation processes. Yet, we cannot say that the explanatory factors are extensive in all collaborative innovation cases due to the emergent nature of such processes.

## CASE STUDY DESIGN

The study was inspired by a report for a multinational CoSie project (Co-creation of Service innovation in Europe, conducted by the authors, 2018, 15th March, for the CoSie project, see European Commission, 2020) concerning the state of the art of co-creation in the Finnish public sector. It identified relevant cases of collaborative innovation across governmental and sectoral levels in Finland and studied their legal frameworks, social outcomes, problems, and strong points. With these five cases, we were able to recognise elements arising across different levels of government and in different contexts. Furthermore, we did not select “good” and “bad” co-design cases. On the contrary, the cases selected were successful in some respects and less successful in others. In our view, this strategy allowed us to see a broader picture of medium co-design processes and may therefore offer more valid results for identifying patterns in those processes. The selected cases, seen as interventions, were used as data for the study. The data consist of official project documents, reports, evaluations, and interviews with key actors of the programmes. The nature of the analysis was descriptive content analysis, like the analytical framework presented above (why, who, how, and when) guided the analytical process. The material for the analysis was based on text excerpts that described the analytical interests of the study. All five cases were either finished or at a stage where a variety of reports was available. Naturally, the scope of analysis in the five cases offers

more breadth than depth. The cases can be considered instruments for analysing elements of collaborative innovation, but the analysis does not result in an in-depth analysis of each case.

As a nation, Finland is an interesting case, since Finnish public service provision is based on autonomous municipalities (Finnish constitution 11.6.1999/731 §121). Municipalities have autonomous positions and can voluntarily organise tasks related to the quality of residential environments, employment enhancement and regional competitiveness. Despite the national contextualisation, the analysis can also offer valuable findings to other country contexts, since the scope of analysis and the results emphasise the collaborative process existing between various actors, rather than elements typical of the Finnish public sector as a system.

Overall, the research design relies on a multiple case study. Chmiliar (2012) explained that multiple case studies are selected to “develop a better understanding of the issue or to theorize about a broader context” (p. 2). By using a multiple case study approach, we were able to examine the processes and outcomes of different cases in various contexts and conditions. The approach is intended to create general categories that highlight the various conditions for collaborative innovations as well as to help identify patterns that may explain the outcomes (Chmiliar, 2012). We started our research with an explorative grand tour question (Creswell, 2003): What makes co-design processes succeed or fail? From there, we moved towards the formation of a structured theoretical framework to analyse the data and established a detailed, descriptive analysis of context, actors, and institutional elements. As is typical of descriptive studies, we sought to reveal patterns and connections linked to the theoretical framework (Tobin, 2010).

## **PUBLIC SERVICE DELIVERY AND CITIZEN COLLABORATION IN FINLAND**

Finnish public service provision has relied extensively on autonomous municipalities protected by the Finnish Constitution (11.6.1999/731 §121). The legitimisation of autonomous municipalities is based on citizen participation and democracy (Haveri & Airaksinen, 2011). The municipalities have fostered collaborative initiatives and have played a major role in introducing different participatory and citizen engagement practices. Consequently, these programmes are numerous and widely dispersed (Jäppinen, 2011).

As for the key legislation, the Finnish Constitution obliges public authorities to foster opportunities for individuals to participate in societal activities and influence decisions that concern them (11.6.1999/731 §14). Moreover, the Local

Government Act (410/2015) can be seen as a cornerstone of co-production programmes, especially at the local level. Citizen participation is at the core of multiple sectoral acts of parliament that have been renewed (e.g., Social Welfare Act, 2014). Moreover, the importance of co-design in the Finnish public sector has grown over the last decade as part of the service design paradigm. A key driver for the co-design of service innovations was the Design Finland programme implemented by the Ministry of Economic Affairs and Employment in 2003. A recent interim review noted that government at both the national and local levels has enhanced and increased service design and experimental activities since the launch of the programme. As a general guideline, the Design Finland programme (Oosi et al., 2017) defined design as comprehensive planning and implementation that arises from the needs and values of the user (p. 13). Finally, it is clear that service design attracts increasing attention at the different levels and in the various fields of public administration, such as social services and health care (Jäppinen, 2011).

## CASES OF INNOVATIVE AND COLLABORATIVE SERVICE DELIVERY

### CASE 1. SERVICE DESIGN WITH RISK GROUPS IN SOCIAL AND HEALTH CARE – NATIONAL PROGRAMME

The aim of the Ministry of Social Affairs and Health-funded project was to increase the participation, health, and well-being of recognized risk groups, such as substance abusers and mental health patients, by co-designing new service models to develop services in the regions of Southwest Finland and Satakunta. It had previously been determined that the services provided for the risk groups in question did not fully meet the needs of the users. The first phase of the project took place in 2013–2015 and was part of a national programme targeting the development of social and health care (KASTE programme, 2012–2016). The second phase of the project started in 2015 and continued until the end of 2016.

In this case, service design was carried out through user boards, service mapping, and individual interviews. Service users also helped evaluate the service models developed. There were also instances of experimental pairs working between social and health care professionals and citizens as experts-by-experience to offer more help for the service users. There were two phases in the project: *the development of new models* and *the integration of those models* into everyday practices to further develop the service models. The responsibility for the different aspects of implementation was shared between different regional/municipality units and actors. The approach led to the creation of sub-projects

focused on specific tasks under the umbrella of the larger project (Ahola & Vaionio, 2015).

The outcomes suggest that collaborative innovation was hindered by institutional settings, especially sectoral barriers between social and healthcare, which meant the programme had only limited opportunity to make tangible changes to the service system. Moreover, the implementation of the project results and ownership was problematic because it was not always clear who owned the development process. The project reports noted resistance to change, since it was not always clear to personnel or managers how the development activities were connected to their other work duties.

Also, the evaluation of the project outcomes was challenging; the target groups had multiple needs that did not follow the organisational or sectoral boundaries and were sometimes visible only in the long run. Then again, the role of the experts-by-experience was highlighted in the project reports and documents. The experts themselves were content that they had opportunities to be heard. Finally, although the service design process was conducted to encourage participation, neither the service users nor the experts-by-experience were involved in the service design process as intensively as service design thinking would have liked to encourage (Häyhtiö, 2015). The vocabulary and the general approach of the service design proved to be difficult in the context of mental health and substance abuse work (Ahola & Vaionio, 2015; Hogman & Tervo 2015; Häyhtiö 2015).

This case illustrates the challenges associated with collaboration parties in terms of ownership of the process.

## CASE 2. LICENSING AND SUPERVISION

The case of licensing and supervision was conducted as a key project of Prime Minister Juha Sipilä's Government Programme (2015–2019). It emphasises the digitalisation of public services and aims to ease the licensing processes in different policy sectors. The simplification of licence processes and the principle of a one-stop-shop can have significant multiplicative effects on entrepreneurial activity. As noted in the project reports (Jantunen et al., 2017), licensing, and supervision activities took considerable time away (from the project) and could be directed to other duties. As explained in the project report (Solita, 2017), the selection of the pilot projects involved discussions with authorities and service user companies. In the pilot projects, there were co-design workshops aiming to build ideal service paths. These results were also used in another workshop with ministerial authorities. Finally, a service blueprint was created illustrating the ideal service paths for service users as

well as the common procedures to be implemented by different agencies. In the second phase of the programme, three projects were implemented based on the service paths created. These three projects dealt with registering and supervising a social and healthcare sector company (a new or existing one), the supervision of a mining company, and the development of licensing and supervision of the service unity of foods, primary production, and agricultural companies (Jantunen et al. 2017; Solita, 2017).

The programme process was evaluated step-by-step. The different phases of the project were used to measure the quantitative and qualitative outcomes of the programme. By Spring 2018, the programme produced detailed reports on the three pilot projects. The programme revealed that there was a genuine interest in co-design among the different public authorities. Thus, the cultural environment and attitudes supported collaborative innovation.

The biggest obstacles to the implementation of the service design models were related to cross-sectoral cooperation. For instance, in the case of service design in agriculture, food production, and the development of the countryside, one ministry (in this case, the Ministry of Agriculture and Forestry) possessed substantial knowledge of policies, but multiple other institutions were connected to the licensing and supervision of this particular field. Those institutions include the Agency for Rural Affairs, regional Centres for Economic Development, Transport, and the Environment, the Finnish Food Safety Authority, and individual municipalities. Moreover, there were several institutions steering the activities of those institutions. This creates a challenging situation for implementing user-oriented service systems from a legal perspective, not to mention from a cultural perspective (Jantunen et al., 2017; telephone interview with a civil servant, 2018).

This case highlights the challenges related to steering mechanisms in complex organisational settings.

### **CASE 3. CITIZEN-DRIVEN DEVELOPMENT IN LOCAL SERVICE REFORM: CO-DESIGNING THE “MAY I HELP YOU?” CONCEPT**

The “May I help you?” programme was carried out by the federation of Kainuu region municipalities in cooperation with the Association of Finnish Local and Regional Authorities. In addition, the project was funded by the Finnish Federation for Social Affairs and Health. The aim of the programme was to develop citizen participation into a systematic tool for renewing social and healthcare services and for creating new kinds of services with local residents. Service design was at the heart of the project and guided the implementation from start to finish. Another goal was to discover new roles for local governments (as a

source for the well-being of their residents) at the threshold of local government reform. The pilot project took place in two phases between 2014 and 2017.

The process included testing and the realisation of a concept that was planned to be co-designed. Here, process participants identified service needs and the problems related to them. The initial outcome was several solutions to the problems identified through the co-creation process. The second phase's results led to dozens of different service concepts being co-created by the participants. Ultimately, the decision makers chose one concept for implementation (Association of Finnish Local and Regional Authorities, 2017).

Citizens had several roles in the project, including co-implementers, co-designers, and co-initiators. The strengths of the programme rested in the systematic and careful implementation of the co-design process. The concrete outcome of the co-creation project was a new concept called "May I help?". The concept aims to improve social skills and the ability to work among youths, especially those at risk of being marginalized. It was also intended to improve the well-being of disadvantaged local residents, the young, the old, and marginalized people. The concept developed was based on community engagement and was planned to complement public services by utilising resources from different actors: the residents, the municipality and non-governmental organisations. The co-created concept can be summarised as an empowering easy-access model whereby local youth offer help to the elderly in performing everyday tasks, such as picking up the post or carrying groceries (Jäppinen & Kulju, 2017).

There were some shortcomings identified in the project. There was insufficient awareness of the project among some actors in different parts of the municipal decision-making process (cf. Heikkinen, 2016). This may not be an obstacle in the first phases of service design, where other issues, such as recruiting engaged participants, are more important. However, a broad awareness of the project is vital for the maintenance and development of the model. The project encountered challenges, with citizens and communities being unwilling to take charge of the implementation of the model. Despite the community-driven approach, public actors often remained the main coordinators (see Heikkinen, 2016; Klemelä, 2017).

This case illustrates the importance of engaging actors in collaborative innovation processes with a broad scope.

#### CASE 4. ACCELERATED CO-CREATION BY SCHOOLS AND COMPANIES – THE KYKY LIVING LAB

The programme started with a joint vision of politicians and civil servants in the city of Espoo to identify new forms of collaboration to enhance services and business opportunities. This operating model designed in the programme focuses on school-private sector interaction, searching for products, services, applications, and technologies that promote learning and growth in interaction with companies and communities (Sutinen et al. 2016). The model is based on a co-design enacted between pupils and teachers (school) and entrepreneurs and communities. The project development phase occurred in 2015–2016, and it has now become an established model in the city. The operating model is based on the foundations of the new national curriculum formulated by the Agency for Education, which promotes entrepreneurial skills, digitalisation, and participation.

The initial project aimed to model the processes, test the practices, and accelerate the development of the KYKY Living Lab. The outcome was project members creating rules, guidelines, and, eventually, a model for co-creation. The project's final product was a manual created by the Laurea University of Applied Sciences (Sutinen et al., 2016). The roles of the different actors involved in the co-creation process were as follows. The actors in the school community (pupils, teachers, principals, parents/guardians) were offered the opportunity to outline their developmental needs and notify the Living Lab actors. A web based KYKY platform offered the companies (and the communities) the option to express their interest by registering themselves on the forum. The companies were responsible for their own product development. Espoo's Finnish education unit helped the Living Lab actors by giving them guidance, instructions, and a platform. The unit also monitored the activities (see City of Espoo; Hagman, 2017). The pupils and teachers could participate in all phases of the co-creation process, but as the manual for the living lab suggests (cf. Sutinen et al., 2016), the degree and phase of co-design and co-creation are dependent on each individual product development project.

The Living Lab model has provoked interest among national and international audiences due to its pioneering nature. For instance, the operating model was awarded a Quality Innovation Award in 2017. There is a goal to spread the co-creation model to other sectors of the city. According to an interview with a project expert, there were some difficulties in the implementation of the project, especially at the beginning. The challenges were linked to limited options to inform the schools and actors about the model, which was the result of a shortage of resources. The information shortcomings caused some confusion, misunderstanding, and doubt about the motives and aims

of the project in the school sphere. There was distrust among some teachers, with some asking: Why should schools be involved in the development of private companies' innovations? There were also some more mundane obstacles from the schools' side, such as introducing the required meetings into school schedules.

This case exemplifies the importance of careful planning and the definition of the roles for actors involved in collaborative innovation processes.

#### **CASE 5. PARTICIPATORY BUDGETING IN THE PROJECT TESOMA – SMART COMMUNITY BY THE CITIZENS**

This participatory budgeting project (2014–2015) was part of a wider neighbourhood development project, “Tesoma – Smart Community by the Citizens”, which targeted increasing participation using public and private spaces in innovative ways and creating a safer and more pleasant environment in the area. The project was funded by the city of Tampere, the council of the Tampere region and the Housing Finance and Development Centre of Finland (see City of Tampere, 2017).

Under Finnish legislation, participatory budgeting is only consultative from the resident/citizen side, thus the participants were given consultative statement rights that did not bind decision-makers. In the case of participatory budgeting, conditions based on laws and norms were specified. Moreover, the targets for participatory budgeting were limited and predefined by the city of Tampere (Koivumäki, 2015). The theme for the participatory budgeting was the development of the residential environment around the lakeside located in the area and the creation of a new living room, or a meeting point for residents and communities in the shopping centre (under construction during the project). The plan was to co-design an easy access point for residents and service users with different needs.

There was a variety of attempts to reach citizens, such as launching a survey (online and on paper). Here, local communities and NGOs acted as mediators, informing their own groups about the project and the opportunity to participate. There were also workshops creating resident profiles and other co-design activities, such as guided walking tours, where residents could make observations and talk to civil servants about their wishes concerning the area (Häikiö et al., 2016; Koivumäki, 2015).

As for outcomes, the participatory budgeting process for the living room/meeting point encountered problems, since the construction of the shopping centre (where the living room was planned to be located) was delayed due to residents' complaints. Therefore, things did not progress as planned, and the

project was not completed. Nevertheless, the participatory budgeting process concerning the residential area development on the lakeside was carried out (Häikiö et al., 2016).

The obstacles reported included some encounters between the civil servants and residents about the extent to which the lakeside area should be developed. The questions from the civil servants' point of view focused on equality at the city level of planning (compared to neighbourhood level) and strategies as guiding powers, whereas the residents' questions focused on equality at the residential level. As Häikiö et al. (2016) noted, it is difficult to connect this kind of resident-driven planning process with wider decision-making processes, since this would require practices that extend beyond individual projects (p. 13; Koivumäki, 2015). Representativeness is another challenging issue that often arises in participatory budgeting, as pointed out by the civil servants interviewed (Hurme, 2017). The low level of participation was identified as a problem, especially among groups such as young people or families with small children, and their viewpoints could not be adequately represented in the process.

The case highlights the systemic nature of collaborative innovation in the public sector, since they also need to be designed to fit the wider decision-making processes.

**TABLE 19.1:** Key findings of the five case studies

	Context and Goal (Why)	Collaborative Innovation Actors (Who)	Scope of Co- production (Process: How and When)	Systemic Adaptability and Outcomes
<b>Case 1. Social and health- care</b>	Regional programme funded by The Ministry of Social Affairs and Health Increase participation, health, and well-being of the recognized risk groups by developing services in the social and healthcare sectors	Recognized need to develop services, initiated by project members Service users as experts-by-experience, different professionals from the field of social and health care	Pair working between professionals and citizens as experts-by-experience, service design with users through workshops, interviews	Limited options to make meaningful changes in the service system due to social and health traditions and sectoral barriers "Difficult" target groups to invite to co-design due to the language of the co-design process Pair working possible – with successful outcomes from both professional and citizens' perspectives

	Context and Goal (Why)	Collaborative Innovation Actors (Who)	Scope of Co-production (Process: How and When)	Systemic Adaptability and Outcomes
<b>Case 2. Licensing and supervision</b>	A key programme of government; improving the licensing processes in different policy sectors by digitalization of public services	Inclusion of different actors using licensing services and supervision (e.g., agriculture, industry, and food industry) various representatives of state agencies	Selection of pilots based on interviews with actors Customers as co-designers from definition of the pilot to co-design of “one-stop-shop” various representatives of state agencies Co-design by service paths, a service blueprint as an outcome	Legal constraints to developing a customer-centred model and complex organisational structures to change Authoritative culture in ministries, but also strong mandate from prime minister and genuine interest in co-codesign among the various public authorities.
<b>Case 3. “May I help you” concept</b>	Local and regional government context; several funding bodies: developing citizen participation into a systematic tool for renewing social and health care services and creating new kinds of services together with local residents	Politicians, civil servants, companies and different NGOs and parishes, national association for municipalities, university	Citizens had several roles as co-implementers, co-designers, and co-initiators; the systematic co-design process included steps of discovery, creation, reality check, and implementation	The lack of willingness to conduct leadership by the (non-public) actors involved to take charge of the implementation → traditional idea of responsibilities between government and society Systematic and careful implementation of the co-design process led to an actual outcome (the concept).
<b>Case 4. KYKY platform in schools</b>	National curricula, regional and city-level strategies: initiated by politicians and civil servants of the city: aim to create novel learning practices and pedagogics for schools, competitive benefits for companies and products are guided by the value experienced by the service	School actors (pupils, teachers, and parents) and companies as initiators of new ideas, companies as potential realizers of those ideas and educational unit of the city as monitoring and guiding party	Co-design between pupils and teachers (school) and entrepreneurs and communities; living labs for product development and testing as co-design	Limits of school curricula and space for spontaneous activities in school days, but also commitment of various actors, such as politicians and civil servants, to the process, leading to an award-winning concept A win-win approach to the model is clearly stated and understandable for all actors.

	Context and Goal (Why)	Collaborative Innovation Actors (Who)	Scope of Co- production (Process: How and When)	Systemic Adaptability and Outcomes
<b>Case 5. Tesoma participatory budgeting</b>	Local government context, part of a wider development programme for the area: Development of the residential environment and co-design of a new "living room", or a meeting point for residents and communities as a part of a wider-scale neighbourhood development programme	Residents as co-designers, the targets predefined by the city	Participatory budgeting process, including walking tours, methods such as development of resident profiles and co-creation of weekly schedules for the planned meeting point	Limited options for the project managers to influence external issues, such as the delay of construction works Legal limitations of Finnish legislation: Only possibilities for consultative participatory budgeting. Difficulty connecting resident-driven planning processes to wider decision-making processes, as that would require practices that extend beyond individual projects. The possibility of affecting the planning process was viewed positively by the residents, and one part of the project produced a concrete result.

## KEY FINDINGS

Our research task was to trace and analyse patterns in institutional design that could explain the outcomes of collaborative innovation processes. This chapter illustrates the key features of each case (goals, context, actors, process, and outcomes), after which we analyse the data in terms of purpose, actors, scope of activities, and system, as formulated in the theoretical framework. Focusing especially on systemic adaptability, we investigated how public organisations could support collaborative innovation through institutional design. Here, we analysed the cases through (1) the dynamics of the process (who took part, how, and when) and (2) the institutional design of the cases and systemic adaptability (why and with which outcomes) to trace shared patterns across the cases.

Examining the cases from the perspective of their collaborative assets (Sørensen & Torfing, 2011) revealed that a variety of actors were included in all of the processes, which is natural in cases of collaborative innovation. Both citizens (service users, customers, pupils, residents, experts-by-experience) and professionals (authorities, civil servants, staff) participated in all five cases; private companies and NGOs participated in three cases. However, politicians

as core actors were mentioned in only two cases: those of the school living lab and the regional co-design model in Kainuu. This is noteworthy and reflects some other findings concerning the relatively small role of politicians in collaborative processes in the Finnish context (see Tuurnas et al., 2019). Overall, based on the cases examined, one can say that the emphasis was on the first steps of the innovation process in seeking weak points in service delivery chains and identifying points for development. One should also note that none of the selected cases was initiated by citizens, but the approach was top-down in all cases. Moreover, the core steps of the development process were mostly implemented by public authorities.

As for the institutional settings concerning legal and structural factors, both driving and hindering elements were discovered. This indicates that there are various formations of collaborative innovation at the local level, but these have not yet necessarily reached institutional norms and rules at the national level. Overall, the national policies and legal frameworks seem to play a bidirectional role in supporting collaborative innovation. Although the legal frameworks do not necessarily drive change, the national-level policies still steer all the projects examined. The drivers came from national and governmental programmes: Prime Minister Juha Sipilä's Government Programme, the Design Finland programme, the National KASTE programme for the development of social and health care, Finland's structural fund programme for sustainable growth and jobs 2014–2020 and the National Curricula. In addition, the local programmes (Cases 3 and 5) were connected to wider-scale development schemes. Based on the content of the projects, it appears that they were at least given a mandate and financial incentives to develop the project ideas aimed at collaborative innovations. The biggest institutional hurdles seemed to be sectoral barriers with complex steering structures and cultural traditions for not crossing sectoral limits.

## CONCLUSION

In this chapter, we posed the question: *How can public organisations support collaborative innovation through institutional design?* Based on our findings, the structures and processes of public organisations will naturally not remove other barriers, such as those related to legal, structural, or cultural challenges, but they will certainly help support collaborative innovation. Concerning the dynamics of the processes examined, we can conclude that public organisations utilise novel methods to advance collaborative innovation, such as co-design, and that a variety of actors have been invited to contribute to various phases of innovation processes. As Jacobsen et al. (2020) stated, the structures and

processes themselves have an implication to innovation process. Thus, this study also encourages researchers in Scandinavia and beyond to study the impact of design and structure to innovation. Models and methodologies are vital for implementing collaborative innovation processes, since they help the facilitating actors overcome some basic questions related to collaborative processes, such as how to engage different actors in different phases of service processes, how to facilitate collaboration and how to stimulate the innovation potential among the participants.

This study highlights the importance of national programmes and legal frameworks as catalysts of innovation. Future research could study the extent to which these programmes define the contents and even outcomes of collaborative innovation processes. In the same way, the meaning of legal frameworks could be studied in the future. What kinds of legal drivers and restrictions can be found in collaborative innovation processes? In addition, comparative cross-national studies are needed to be able to differentiate the impact of structures, processes, and design from context-specific and policy-related factors as well as from local environment.

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