

ME2835 Policy Ventures: Innovation in Public Organizations 7.5 credits

Public sector organizations are central for a well-functioning society, and they typically administer huge resources. Public organizations need to maintain stability in what they do, but also innovate and change to meet societal challenges and serve the citizens. Innovation includes ways of producing and organizing public services in a broad sense, potentially with participants from all three societal sectors (public, civil society, business). This course provides knowledge in 1) the public sector and its specific conditions and challenges, 2) different fundamental ways of organizing and producing societal services, and 3) innovation in developing public organizations and societal service production – including the use of new technology. The course features cases and interactive learning, where course participants work together with public organizations to contribute to citizen welfare. The course prepares students for working in, advising, and running innovation projects in public organizations.

Course Director:

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Course Co-Director:

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Course Content

By providing a research-based understanding of the characteristics of the public sector and its relations to business firms and non-profit organizations, this course is relevant to any student who will work within or with public sector organizations. The course engages with research on public organizations, with a specific focus on change and innovation in such organizations and their governance modes. Central features of public organizations are discussed and compared with non-profit and for-profit organizations, including governance modes (primarily insourcing, outsourcing and partnerships, as well as changes between these forms for organizing service production), regulations, common standards, and central stakeholders. The course has three interconnected parts, supported by literature, lectures, and cases:

- Public sector characteristics
- Public sector service production forms
- Innovation in public sector organizations

Case studies of local and national public organizations are discussed, with Course participants acting as change consultants to address problems facing these organizations.

Intended Learning Outcomes

After completion of the course, the Course participant should, at an advanced level, be able to:

- *Describe and explain* central features of public organizations

- *Apply* theories of organization, entrepreneurship, and innovation to analyze empirical cases of public organizations
- *Diagnose* challenges for public organizations seeking to deliver high-quality services to societal stakeholders
- *Evaluate* interventions and policies aimed at improving public organizations
- *Formulate* strategic or tactical agendas for public organizations seeking to initiate change and improvement

Examination

Grading is based on an in-class written examination (30% of grade), two short individual term papers (15% each of grade), and a case study conducted in student groups, presented and discussed in class (40% of grade). No use of artificial intelligence is allowed (such as for analysis or writing of answers to questions) other than to support some gathering of information for hand-ins and the case study.

Instructions for Individual Term Paper 1

Describe a public sector organization that you have some personal knowledge of (from any country/setting). What does it primarily do, and how is it organized? How large is it, and where is it located? What are its central stakeholders? What is your personal view of how it works, of potential improvements, and what arguments do you have for these opinions? (Maximum 2 pages, Times New Roman 12pt)

Instructions for Individual Term Paper 2

Discuss the different governance modes for how a specific welfare service (for example, elderly care, fire-fighting, rail traffic, dental care, libraries, pensions, football training for children, prisons, vehicle inspections, or something else) can be produced in society, as well as some potential advantages and disadvantages of each. In what ways could there be room for innovation and development, do you think? (maximum 2 pages, Times New Roman 12pt)

Instructions for Case Study Examination

In this assignment – instructions to be outlined in detail in the lecture on Sept 28th – you will work in teams of 3-4 students. Not all students can be from the same SSES school (SSE, KTH, KI, SU etc). Your group will take on the role of consultants for Stockholm City. The city has high hopes for its long-term project of becoming a *Smart City*, but now they need your help to develop practical, feasible content for their overarching idea. The goal is to make the capital of Sweden an even better city to live in for all citizens. They have heard about your promising competence and offer you four project areas within “Smart City”, where your team will choose one:

- A Recycling Stockholm
 - Stockholm is to become a climate-neutral and overall sustainable zone. How could you develop and scale this ambition up within the area of recycling?
- Smart homes for improved quality of life
 - The demographic development implies that more people live longer. We know that the possibility to live at home (instead of in an elderly care centre) increases lifespan and wellbeing – but how may technology and organizing support this?
- Improved quality of welfare services
 - Stockholm is to become a city where the quality of provided services of different kinds, as well as the quality/cost ratio, could be increasingly ensured – whether produced in-house, by marketization, or partnerships. How do you solve that within an area of your choice?

- Smart public service buildings 2.0
 - Smart buildings 2.0 implies public service buildings (schools, libraries, care facilities, sport facilities, etc.) that could have dynamic capacities and purposes, be automatically directed based on sensor data, etc – how can this be made a reality?

Delimit the scope of your project the way you find suitable, and develop your proposed solutions, given the challenges and prerequisites you map out. Your analysis should use some types of primary (e.g., citizen/expert interviews or surveys) and secondary data (public reports, statistics, etc.) and seek to account for 1) the characteristics of the public sector/different sector logics, 2) alternative governance forms for providing welfare services and needed goods, and 3) your academically-based knowledge of innovation in public sector processes and outputs. Your presentation should be presented in a maximum of 15 minutes (sharp!) with support of a maximum of 15 PowerPoint slides. The slides should be submitted via Canvas before the lecture. Both slide content and presentation professionalism are graded.

Teaching and Working Methods

The teaching consists of lectures, group work, case studies, and interactive seminars. Homework and independent studies are a necessary complement to the course.

Language of Instruction: English.

Study Philosophy

Innovation in Public Organizations is an advanced-level course where participants are expected to build on knowledge from previous studies and gain knowledge of how to analyze and advise public organizations. The course requires self-discipline and planning ability as well as coordination and collaboration in smaller working groups.

The teachers will introduce underlying theoretical frameworks and perspectives on public organizations, but an essential part of the course is learning by digesting and applying academic articles. Course participants' own reflection on the course material as well as personal experiences from working in, or in interaction with, public organizations are integral to the course. Representatives of public organizations and other stakeholders (consultancies, non-governmental organizations, etc.) will provide empirical material and cases to be discussed and analyzed by the course participants.

All elements of the course are compulsory and graded. It is not possible to supplement any absence with residual information.

Readings:

All readings are relevant for the examination of the course, and *participants are expected to have carefully read articles* before coming to class. Articles in the course can be accessed from most universities. If you have problems, please ask your library for help.

Reading Guidelines

All participants are expected to read all the literature (knowledge which will be tested on the individual examination and in the individual/group hand-ins). The teachers will introduce

underlying theoretical frameworks and perspectives on public organizations, but an essential part of the course is learning by digesting and applying academic articles.

A large part of the course is based on "active reading" of academic articles. "Active reading" means that participants should be able to make use of (understand, compare, and discuss) and apply (use theories for analysis of organizational phenomena) these texts. It is not enough to memorize words, concepts, or author names, but one must strive for an understanding of the arguments highlighted in each article, critically review them (what premises are the arguments based on, what are the consequences, and to what extent the arguments are subject to potential logical gaps or weaknesses). The aim of this is that you should increase your ability to use academic texts for analytical work.

To achieve this understanding, there are a number of strategies, many of which you have hopefully learned or developed during previous studies. If you do not have a specific strategy or want to try a new one, it is recommended that you first quickly skim the texts for upcoming class sessions for about 5-10 minutes. After that, you use a (physical or electronic) highlighter and a pencil when reading each article in-depth. Focus on parts of the texts where you think much of the key information or important reasoning seems to be presented, and first and foremost focus on these parts. If the class contains several articles, it may be advantageous to read/compare two or more articles in parallel to identify parallel reasoning or differences in reasoning. Try to think "what is the reason for this?" and "why do the author(s) argue this way?" rather than taking every fact or argument in the article as a validated truth.

Academic statements tend to either be based on a deductive logic (knowledge comes from logical postulates such as $A \rightarrow B$ classifications (functions), and law-like predictions) based on Aristotelian logic, or an inductive logic based on Francis Bacon's and other Enlightenment philosophies (knowledge comes from gathering observations from reality and abstracting them into patterns, facts, and constitutive relationships).¹ When reading each article, it can sometimes be advantageous to note whether the logic of the text seems to be deductive, inductive, or a mixture (abductive). It can help by comparing articles that discuss the same or similar phenomenon but seem to reach different conclusions.

It is important that your thoughts on these questions extend beyond the obvious, and that – whenever possible – you seek to build an informed opinion on the arguments provided in the articles. Are some arguments seemingly more valid than others in the article? Why? Are there logical gaps in one or more of the articles, and in what way(s)?

¹ For further details on the knowledge foundations in organization research, see e.g. Daft, R.L., 1983. "Learning the craft of organizational research". *Academy of Management Review* 8, 539-546.

SCHEDULE: Innovation in Public Sector Organizations (all sessions are mandatory)

Date	Weekday	Time	School	Teacher	Topics	Literature	Upload before lecture	Points
31 Aug	Monday	17:15-20:00	SSE (Room A350)	Mats Jutterström & Laura Hartman	<i>Introduction: Course overview & design</i> <i>Guest lecture: Laura Hartman</i> <i>Public sector characteristics</i> - multiplicity (national, regional, local government, public corporations, civil servants and elected politicians, etc.) - Societal sector differences and logics	Christensen et al. (2020) Brunsson (1994), Pache & Santos (2013)		
2 Sept	Wednesday	17:15-20:00	SSE (Room A350)	Stockholm Municipality accounting director Marcus Grönqvist & Mats Jutterström	<i>Guest lecture: Stockholm City</i> - Governing a complex organization (a city) - Delivering public services		2 Questions per person	
7 Sept	Monday	17:15-20:00	SSE (Room A350)	Mats Jutterström	<i>How do we produce welfare services?</i> - Hierarchy, - Markets, - Partnerships (Networks) - Outsourcing & Backsourcing	Powell (1990) Berlin et al. (2023)	<i>Individual term paper: describe a public sector organization</i>	0-15 (15%) Pass required
9 Sept	Wednesday	17:15-20:00	SSE (Room A350)	CEO Caroline Andersson & Maria Sturegård (Governo) & Mats Jutterström	<i>Guest lecture: Governo</i> - Leading complex change in the public sector		2 Questions per person	
14 Sept	Monday	17:15-20:00	SSE (Room A350)	Ebba Henrekson & Mats Jutterström	<i>Civil Society Innovation</i> - Relationship between civil society and the public sector in different nations - Public service Innovation in partnership with civil society	Salamon & Anheier (1998) Kapucu (2006) Vickers et al. (2017)	2 Questions per person	
16 Sept	Wednesday	17:15-20:00	SSE (Room A350)	Karl Wennberg	<i>Public Organizations and Innovation I</i> - Improvement vs Innovation - Knowledge vs legitimacy for Innovation - Conditions for public sector value creation	Hartley (2005) Demircioglu and Audretsch (2021) Wirtz et al. (2023)	<i>Individual term paper: different governance modes</i>	0-15 (15%) Pass required
21 Sept	Monday	17:15-20:00	SSE (Room A350)	Sven-Anders Stegare & Mats Jutterström	<i>Public and private: procurement</i> - Procurement trends and phenomena - Procurement key processes & value contribution	Kraljic (1983) Obwegeser et al. (2018)	2 Questions per person	

					- Supplier collaboration & Innovation strategies			
23 Sept	Wednesday	17:15-20:00	SSE (Room A350)	Mats Jutterström	Literature Exam (in class)			0-30 (30%) Pass required
28 Sept	Monday	17:15-20:00	SSE (Room A350)	CEO Caroline Andersson & Maria Sturegård (Governo)	Public sector Innovation Case presentation: Smart Digital Cities			
30 Sept	Wednesday	17:15-20:00	SSE (Room A350)	Staffan Holmberg & Mats Jutterström	Public – Non-profit collaboration in Sports “DIF Skol IF” Case study Q&A	Same as for Ebba Henreksson’s lecture	2 Questions per person	
5 Oct	Monday	17:15-20:00	SSE (Room A350)	Eva Wetterstrand, m fl, Österåker, Ema Demir & Mats Jutterström	Public Organizations and Innovation II: developing schools - Leadership for learning - Systematic quality work	Case: Making better systems for better outcomes Arora-Jonsson et al. (2024)	Answer Case questions for discussion	
7 Oct	Wednesday	17:15-20:00	SSE (Room A350)	Eva Udden-Sonnegård & Mats Jutterström	Guest lecture: Dr Eva Udden-Sonnegård - How to conduct fiscal policy: planning and implementation and evaluation - Policy evaluation and monitoring	Furobo (2007) Ministry of Finance (2017) Udden Sonnegård (2010) Langtids-utredningen (2023)	2 Questions per person	
12 Oct	Monday	17:15-20:00	SSE (Room A350)	Mats Jutterström	Back-up time			
19 Oct	Monday	17:15-20:00	SSE (Room A350)	Mats Jutterström	Case Presentations in class Course completion celebration	See Case Instructions in Syllabus!		

Literature:

Public sector characteristics

Keywords: *multiplicity of organizations, institutional sector logics, organizational elements.*

Christensen, T., Laegreid, P. & Røvik, K.A. (2020). *Organization theory and the Public Sector: Instrument, culture and myth*. Chapter 1 (pp. 1-20)

Brunsson, N. (1994). Politicization and 'companyization' – on institutional affiliation and confusion in the organizational world. *Management Accounting Research* 5, 323-335.

Pache, A-C., & Santos, F. (2013). Inside the Hybrid Organization: Selective Coupling as a Response to Competing Institutional Logics. *Academy of Management Journal*, 56(4), 972–976 & 993-997 (you only need to read these pages).

Society Service production – Hierarchy, Markets, Networks and Change

Keywords: *Markets, Hierarchies, Networks, Change*

Powell, W. (1990). Neither market nor hierarchy: Network forms of organization. *Research in Organizational Behavior*, 12: 295-305.

Berlin, J., Carlström, E. & Karlsson, D. (2023). Backsourcing in the private and public sectors—A systematic review. *Financial Accountability & Management*, 39(3): 636-687.

Civil Society Organization

Keywords: *civil society, public sector, partnerships*

Vickers, I., Lyon, F., Sepulveda, L., & McMullin, C. (2017). Public service innovation and multiple institutional logics: The case of hybrid social enterprise providers of health and wellbeing. *Research Policy*, 46(10):1755-1768.

Kapucu N (2006). Public-nonprofit partnerships for collective action in dynamic contexts of emergencies. *Public Administration*, 84(1): 205-220.

Salamon, L. & Anheier, H. (1998). Social origins of civil society: Explaining the nonprofit sector cross-nationally. *Voluntas: International journal of voluntary and nonprofit organizations* 9, Pages 214-219, 226-231, 241-246 (you only need to read these pages).

Public Organizations and Innovation 1

Keywords: *Innovation, Social Innovation, Stakeholders, User Innovation Resistance, Clashing logics*

Demircioglu and Audretsch. (2021) *Public sector innovation*. Forthcoming: Oxford University Press.

Hartley, J. (2005). Innovation in Governance and Public Services: Past and Present. *Public Money & Management*, 25(1): 27-34.

Wirtz, B. W., Kubin, P. R., & Weyerer, J. C. (2023). Business model innovation in the public sector: an integrative framework. *Public management review*, 25(2), 340-375.

Public and Private: Procurement

Keywords: *procurement processes, supplier collaboration, innovation & sustainability*

Kraljic, P. (1983). Purchasing must become supply chain management, *Harvard Business Review*, September-October.

Obwegeser, N., & Müller, S. D. (2018). Innovation and Public Procurement: Terminology, Concepts, and Applications. *Technovation*, 74-75, 1-17.

Public Organizations and Innovation II: Improving Schools

Rosenbaum, P et al (2024). Making better systems for better outcomes case. House of Governance and Public Policy – Case Study Series 2023-2024.

Arora-Jonsson, S., Demir, E.K., Norgren, A & Wennberg, K. (2024). Beyond the silver bullet: unveiling multiple pathways to school turnaround, *School Effectiveness and School Improvement*, 35:2, 214-249: 10.1080/09243453.2024.2353626

Policy Evaluation and Monitoring

Furubo, J-E. (2007). Policy Analysis and Evaluation in Sweden: Discovering the Limits of the Rationalistic Paradigm. *Handbook of Public Policy Analysis* (chapter 3): 571-586

Udden Sonnegård (2010). The conceptual framework.

Ministry of Finance (2017). The Swedish fiscal policy framework. Swedish government 2017/18:207.

Langtidsutredningen (2023) Swedish SOU 202385 (English Summary)

Lecturers and Guest Lecturers

Course Director *Mats Jutterström* (docent, PhD SSE) is a teacher and researcher at the Department of Management and Organization (SSE), and at SSE House of Governance and Public Policy (GAPP). He has since long studied and taught about various public sector organizations, including their intersection with non-profit and for-profit organizations – mainly in the form of marketizations and partnerships in welfare production.



Course Co-Director *Karl Wennberg* is a professor at the Department of Management and Organization (SSE), and scientific director at SSE House of Governance and Public Policy (GAPP). His research and teaching focus on public governance and administration, innovation and entrepreneurship. Karl has held faculty and visiting positions at various universities in the EU, the UK, the US, and Australia.



Laura Hartman (PhD, associate professor, Uppsala University) is a Finnish-Swedish economist and researcher specializing in public policy, welfare systems, and labor markets. She has held several key roles in Swedish academia and government, including chief economist at the Swedish Labor Unions (LO), Chief Analyst for the Swedish Agency for Public Management and Deputy Director General at the Swedish Social Insurance Agency.



Ebba Henrekson is a researcher at the Center for Educational Leadership and Excellence at the Stockholm School of Economics and the Center for Civil Society Research at Marie Cederschiöld University. Her research and teaching center around the organization of education, societal volunteering, and social trust.



Emma Demir is an affiliated researcher at SSE. Her interdisciplinary research spans educational leadership, teacher collaboration, school autonomy's impact on student outcomes, and AI-driven educational reform analysis. With a PhD from the University of Cambridge, extensive teaching experience, and a lectureship in the City of Stockholm, she bridges theory and practice to enhance educational outcomes.



Sven-Anders Stegare holds a PhD in procurement and sustainability from SSE. He received an MSc in Mechanical Engineering with a major in Industrial Economics and Management (KTH) and has held leading procurement roles in the industrial sector, finance, and tech start-ups, including IBM, Ericsson, Gambro, IBX, and SEB.



Caroline Andersson is the founder and CEO of Governo. She has over 20 years of experience as a senior consultant and project manager, and her areas of expertise include strategy, business development, and change management across both public and private sectors. In 2021, Caroline was awarded the title of CEO of the Year.



Maria Sturegård is a senior consultant at Governo with extensive experience in strategic, organizational, and business development. She often serves as a project or process leader, focusing on co-ordination, communication, as well as change-management across both the public and private sectors.



Eva Udden-Sonnegård (SSE PhD, 1993) is a researcher at Ratio, formerly a State Secretary at the Swedish Ministry of Employment, Swedish representative at the OECD (Paris), and permanent member of the OECD committee EDRC (Economic Development and Review Committee). She started her career at the Central Bank of Sweden (Riksbanken).



Marcus Grönqvist is Chief Accounting Officer in the City of Stockholm, where he has worked for 11 years in various finance roles, including four years as the Finance Manager at one of the City District Departments.



Eva Wetterstrand is the School Director of Österåker Municipality, north of Stockholm. She has a long experience of leading and developing schools, as well as a background in the for-profit sector in Sweden.



Staffan Holmberg is Executive Director, Center for Security and Resilience, at Stockholm School of Economics. He has a long background in sports administration and development, and is a founder of the civil society organization “DIF Skol-Idrott” (DIF School Sports).



Stefan Nordin is Chief Procurement Officer in the City of Stockholm with over 30 years of experience in operational, tactical, and strategic purchasing in several of the city's departments and companies.

