DPC & ANZSOG present:

INNOVATION BUREAUCRACIES: MAKING THE STATE MORE ENTREPRENEURIAL

SPEAKER
Professor Wolfgang Drechsler
Professor of Governance
TalTech

MODERATOR
Sam Hannah-Rankin
Executive Director
Public Sector Reform
Department of Premier & Cabinet

DO YOU HAVE A QUESTION ABOUT TODAY’S TOPIC?
SEND YOUR QUESTIONS THROUGH SLI.DO:
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SLIDES FROM TODAY’S PRESENTATION WILL BE AVAILABLE ON THE ANZSOG WEBSITE

Tuesday 1 October 2019
Innovation Bureaucracies

Wolfgang Drechsler
ANZSOG Visiting Scholar

Melbourne, 1 October 2019
Innovation
when you don’t want to innovate
innovations are new products, services, processes, marketing or finance modes that are successfully introduced into the market
Private sector bias

Who made the iphone?

Source: Author’s own drawing based on the OSTP diagram “Impact of Basic research on Innovation”
Policy bias
beyond fashion…

… the role

of the public sector
to foster and promote

“real” innovation?
Short history of (Western) innovation bureaucracy
Key preconditions

• Evolution of knowledge networks through learned bodies – academies, royal societies, etc. – across Europe

• The emergence of polytechnics and engineering education (related to both military and civilian needs) in Europe (e.g., Ecole Polytechnique) and the US (e.g., West Point)

• The emergence of a professional managerial class both in private companies (e.g., in railroads, armories, and others) and in the public sector (e.g., military procurement practices of the Quartermaster department during the US civil war)
Key preconditions

• The rise and importance of various business associations (e.g., *Interessenverbände* in Germany) in the late 19th century that enabled close networks among politics, industry and bureaucracy

• The importance of state-owned companies for managing strategic trade routes and Imperial ambitions
History of bureaucracy hacking + mission mystique

1. Usually, policy goals initially fulfilled by PPPs led by charismatic individuals*

Initiated and partially funded by Werner Siemens, excelled at ‘hacking’ bureaucracy

Physikalisch-Technische Reichsanstalt 1887

2. Organizations and tasks become ‘bureaucratized’ and socialized

Siemens recruited Hermann Helmholtz to create ‘scientific bureaucracy’ and close ties with industry, sense of mission

Kaiser-Wilhelm-Gesellschaft 1911

3. New wave of organizational reforms led by new ‘private-public partnerships’

Harnack-Prinzip of autonomy and research excellence (Harnack was professor of theology)

* In the Asian context, these are often within the public sector

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How can we explain this pattern?
Weber I

Weber II
• Organizational configuration + evolution (innovation as new routines) = public organizations driving innovation

• Weber I: expert vs. Weber II: charismatic

• Weber I: stability and predictability vs. Weber II: change and agile response

• Entrepreneurial states: organizational configurations for **agile stability**
So, the key to agile stability and thus to the truly entrepreneurial state is organizational variety within the Innovation ecosystem, ‘within or without’ the organization!
So, iLabs not transforming the entire organization is not a failure....

... IT’S THE POINT!
故宫 × 夜巡
I ❤️ NPM
Innovator’s Dilemma in Governance:

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How to balance stability and predictability with agility and proactivity?

By driving and nurturing organisational diversity and renewal of existing dominant routines and capabilities.
Innovation Bureaucracy
BUT:

Innovation is global and universal

Context is specific in space and time
“When I disembarked from the boat that had brought us back from Capri to Naples, I handed one of the lads lying on the cobblestones my briefcase to carry. He shook his head with the words, I have already eaten!” Lujo Brentano
Max Weber

Die Wirtschaftsethik der Weltreligionen:

Konfuzianismus und Taoismus + Hinduismus und Buddhismus + Das antike Judentum + Die Pharisiern
'We spent a day with public servants, it's fair to say that they are not equipped with the skills to define the problem that needs solving or to articulate the goal that they're trying to work towards.' - @bethnoveck on the need for innovation skills training for problem solving.
THIS DOG CAN SMELL PEOPLE WHO SHOULD BE WORKING ON REAL PSI
Innovation Bureaucracies

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Questions?

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<td><strong>The Intelligent Regulator</strong></td>
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<td>Speaker: Bill Eggers – Deloitte</td>
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<tr>
<td>Deakin Edge, Federation Square, Melbourne</td>
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THANK YOU

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