

Innobarometer 2010

Summary

Fieldwork: October 2010

Report: January 2011

This survey was requested by Directorate General Enterprise and Industry and coordinated by Directorate General Communication

This document does not represent the point of view of the European Commission.
The interpretations and opinions contained in it are solely those of the authors.

Flash EB Series #305

Innobarometer 2010

Conducted by
The Gallup Organization
upon the request of DG Enterprise and Industry

<http://cordis.europa.eu/innovation/en/policy/innobarometer.htm>



EUROBAROMETER

Survey coordinated by the Directorate-General
Communication

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THE GALLUP ORGANIZATION

Introduction

The current Innobarometer on *Innovation in Public Administration* was conducted in October 2010 in the 27 Member States of the EU and Norway and Switzerland, under the framework of the Flash Eurobarometer surveys.

This is the ninth wave of the Innobarometer. In previous years, the following topics have been covered:

- *Innobarometer 2001*: focused on European managers' experiences and priorities in the field of innovation. Managers were also asked for their views on the role of an integrated European approach to access to advanced technologies, mobilisation of human resources, protection and sharing of knowledge, access to funding and customer acceptance of innovations.
- *Innobarometer 2002*: the objective was to understand the opinions of European managers on their companies' strengths and needs in innovation, the investments made in innovation and the output achieved, as well as the actual practice of co-operation and knowledge sharing. In addition, it looked at the role of training and education, the development of managerial approaches to innovation and the contribution of enterprises to the public debate on innovation.
- *Innobarometer 2003*: the survey aimed at gathering European managers' experience and priorities in the field of innovation. Managers were also asked for their views on the role of European integration in access to advanced technologies, mobilisation of human resources, protection and sharing of knowledge, access to funding and customer acceptance of innovative techniques.
- *Innobarometer 2004*: the subject of the survey was "Experience of European managers in innovative activities." The main focus was the evaluation of public support for innovation from a business point of view. This also resulted in a special comparative report of the European Innovation Scoreboard.
- *Innobarometer 2005*: the survey addressed "Readiness for innovation in Europe". European citizens were interviewed on the subject of how willing they were to embrace innovation. EU25 countries, candidate countries and EFTA members were characterized on their citizens' willingness, or reluctance, to buy innovative products or services.
- *Innobarometer 2006*: the survey focused on "The role of clusters in facilitating innovation in Europe". Businesses operating in cluster-like environments were interviewed about their experiences of working under such conditions, with a special emphasis of the cluster membership on innovation, competition and business development.
- *Innobarometer 2007*: the "Innovation transfer" survey primarily explored the ways in which enterprises innovate, the role of non-R&D based innovation, and the extent to which innovation is outsourced or transferred from other businesses or organisations. The survey investigated product- and process-related innovation separately.
- *Innobarometer 2009* on "Strategic trends in innovation 2006-2008" placed the focus on innovation spending (including the effects of the current economic downturn), the role of innovation in public procurement tenders, the effects of public policies and private initiatives undertaken to boost innovation, and other strategic trends.

The objective of the 2010 Innobarometer survey was to study the innovation strategies of the European public administration sector in response to changing constraints and opportunities.

In each participating country, public administration organisations with at least 10 employees, specifically those classified by NACE 2.0 as 84.11 (General public administration activities) or 84.12 (Regulation of the activities of providing healthcare, education, cultural services and other social services, excluding social security) were randomly selected to be included in the survey. **Readers are kindly reminded that this study was a pilot survey, pioneer in its scope, and that given the heterogeneity of the entities and the sampling limitations, its results should be interpreted with great caution.**

The current report gives descriptive information on the following topics:

- Various types and amount of innovation, composition of teams used in implementation
- Workforce profiles, skills and training in support of innovative activities
- Benefits of innovation together with possible negative impacts
- Innovation strategies and drivers
- Problems encountered during implementation
- Procurement (methods used, objectives, results)
- Anticipation of future trends that could impact innovation.

The survey sample was selected randomly within each of the participating countries. The samples of organisations were drawn from publicly available lists, as discussed in the Annex of this report.

The targeted number of main interviews varied somewhat by the size of the respective country as well as the available public administration institutions. Interviews were conducted in a sample of 400 institutions in the six largest Member States (France, Germany, Italy, Poland, Spain and the UK). The default sample size was either 50 or 100 institutions in most EU Member States. In the smallest Member States (Cyprus, Malta, and Luxembourg), the sample consisted of 10 eligible institutions. In non-EU countries, the sample target size was 50 (Switzerland and Norway). The specific target sample sizes were:

| Country | N | Country | N | Country | N |
|----------------|-----|-------------|-----|--------------|-------------|
| Belgium | 100 | Latvia | 50 | Finland | 100 |
| Czech Republic | 100 | Lithuania | 50 | Sweden | 100 |
| Denmark | 50 | Luxembourg | 10 | UK | 400 |
| Germany | 400 | Hungary | 100 | Bulgaria | 100 |
| Estonia | 50 | Malta | 10 | Romania | 100 |
| Greece | 100 | Netherlands | 100 | | |
| Spain | 400 | Austria | 100 | Norway | 50 |
| France | 400 | Poland | 400 | Switzerland | 50 |
| Ireland | 50 | Portugal | 100 | | |
| Italy | 400 | Slovenia | 50 | | |
| Rep. of Cyprus | 10 | Slovakia | 100 | TOTAL | 4030 |

Overall, Gallup interviewed 4,063 public administration organisations (typically involved in central, regional or local government activities) across Europe, between October 9 and 17, 2010, using a fixed-line telephone methodology. Eligible respondents were senior managers responsible for strategic decision-making. Typically, they were general managers or, where available, strategic directors of the institution.

Due to low sample sizes in several Member States, this report primarily discusses results at the EU level (see the Methodological note in the full Analytical Report). Individual country results are weighted by the size of their general population for EU-level estimates.

Main findings

Innovation in the public administration

- At the EU level, two-thirds of public administration institutions introduced a new or significantly improved service in the last 3 years.
- The likelihood of service innovation increased linearly with the size of the institutions. State institutions were just as likely as independent ones to introduce innovations.
- At the EU level, 17% of surveyed institutions were classified as leading innovators (introducing one or more service-related innovation ahead of other organisations in the public sector). Leading innovators were typically large and national or central organizations.

Developing innovations

- The single most important driver of innovation in the public sector was the *introduction of new laws and regulations*: 48% of respondents at the EU level indicated that this was a very important factor. 39% of innovators said *new policy priorities* were very important. 40% of respondents said E-government initiatives they had to implement new solutions related to a *mandated implementation of an online service provision*.
- 37% said mandated *decreases* in budget were very important, and an additional 29% said they were somewhat important. 40% of those interviewed said that mandated budget *increases* played **no role** in innovation.
- Budget cuts were responsible for triggering by far the greatest amount of innovation in the largest organisational segment (250+ employees) : 51% considered them to be ‘very important’ vs. an EU average of 37%.
- Three major sources of information supported innovation: ideas from staff (a very important: 45%) ideas from management (very important: 48%) and input from clients or users (very important: 46%) Best practices from other organisations in the public sector were also important sources of information or inspiration (33% very important).
- Domestic sources of information were the most important (67%). The EU Commission was almost as important as a single source of information (17%) as other non-domestic organisations, events or enterprises in other EU countries altogether (20%). European public administration innovations rarely obtained information from sources outside the EU (9%).
- A top-down approach of innovation or innovation support has been prevalent in developing innovations: in 46% of institutions managers took an active role in developing and implementing innovations. 30% mentioned bottom-up innovation practices and 23% mentioned managerial support for trial-and-error testing of ideas. A bottom-up innovation culture was the least characteristic of the government sector (29% mentioned it) in contrast with more than half in the private sector and 40% in the non-profit sector.
- In terms of barriers to public administration innovation, a lack of resources stood out. 78% of all organisations across the EU (not just innovators) said that they lacked either the necessary finances or human resources to develop innovations on their own. Next came rigid regulatory requirements (which had high or medium importance for 65% of organizations.)

Effects of innovations

- Innovations improved the work of public administrations and only rarely had negative effects; only 4% indicated that there had been no positive effect of any innovation that they had implemented.

- The positive effects of innovation included:
 - 76% of institutions at the EU level achieved *improved user access to information* due to service innovations; 71% indicated *improved user satisfaction*; 63% mentioned *more targeted services* and 61% mentioned a *faster delivery* of services. More than half (54%) also confirmed that through innovation, they could now offer services to more or new types of users.
 - 63% of EU organizations noted that innovations simplified administration; 62% said it improved working conditions or employee satisfaction or resulted in faster service delivery ; 51% confirmed cost reduction resulting from innovations.

Human resources supporting innovation

- Company segments that were frequent innovators reported higher proportions of staff with degrees. More than half of employees had university *degrees* in 23% of leading service innovators but only 16% of those who had not introduced innovations.
- Almost one in five (18%) innovating organisations did not have dedicated *teams* that met regularly to develop innovations. 12% of these institutions had such teams that involved at least half of their employees. However, 51% of the innovation-related teams in public sector organisations involved less than a quarter of the employees.
- Intensive teamwork around innovations, involving at least 50% of staff characterised national-level institutions (23%), leading innovators and private companies (both 19%) and the largest organisations (16%). It was also more frequently seen among health sector organisations (17%).
- Most organisations that had introduced an innovation during the past three years also confirmed that they had provided *training* courses in order to help their employees to adopt, use or provide the innovative solutions that their organisation had introduced.

Public procurement

- Most of the (innovation-related) tenders *published* by the survey participants sought providers for information technology solutions (ITC equipment or systems: 51%). Many tenders specifically invited private businesses to provide some service to users on the behalf of the organisations (43%). About four in ten organisations (41%) invited providers to offer solutions for improved energy efficiency or lower environmental impact. (On average, one in five public administration organisations did not publish a tender in any of the innovations-related areas investigated by the survey.)
- Most organisations usually consult some outside source in *preparation of their tenders*: only 13% said that they do not. On an EU level, each of the potential sources included in the survey were mentioned by about half of the respondents: 58% asked for peer advice from organisations that had already conducted similar procurements, 53% consulted potential suppliers and the same proportion sourced information from a specialised consultant. Finally, 47% looked to users of their services for input.
- Most organisations involved with tendering felt that in the evaluation of proposals the *'innovativeness' of the services offered were about as important as the cost of the services* (63%).
- More than half (55%) of these organisations indicated that the procurements delivered or contributed to innovative service solutions. Cost-cutting without service innovation was a somewhat less frequent outcome mentioned by 44%. 38% on an EU level managed to substantially reduce the environmental impacts of their services through solutions purchased by public procurement.

Future trends

- A majority of public sector organisations in the EU (invariably in each Member State) expected their organisations to increase the number of innovations introduced in the next two years. 57% expected an increased number of communications innovations, 55% anticipated a higher number of service-related innovations and 54% thought that organisational innovations will increase.
- When asked what would improve their organization’s ability to innovate, 79% mentioned new technologies, 67% mentioned increased demands from citizens, 44% new policy priorities and 39% new regulations.
- In the case of budgets, expectations do not seem to correspond to the current reality. The overwhelming majority of public sector managers stated that more money would positively affect (63%), and less money would negatively affect (69%) their organisation’s innovation capability. However, current results suggested that budget cuts were – insofar – more efficient drivers of innovations than were increases in available funds (see section 3.1).

1. Innovation in public administration institutions

This Innobarometer asked managers in public administration institutions whether or not they had introduced any innovation (new or improved services) in the past three years¹. Innovation is a very broadly used term, generally referring to new ways of achieving an objective. The emphasis is on applicability: any significant improvement in operational practices (either in the product/service range or in support structures) can be classified as an innovation.

In this survey, innovation has been taken to mean any *novel*, or *significantly improved* (without indicating precisely what a ‘significant improvement’ might be) *service, communication* or *organisational method*. In this first section of the report we summarise the prevalence of innovation in the public sector of the European Union.

1.1 Innovation in services

In the past three years, two-thirds of public administration institutions, at the EU level, have introduced a new or significantly improved service. The previous Innobarometer, conducted in 2009 among enterprises active in innovation-intensive business sectors indicated that about the same proportion of enterprises introduced a product- or service innovation in a two year period (67%)².

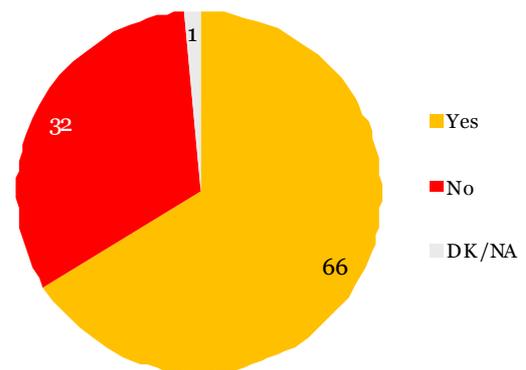
The likelihood of service innovation increased linearly with the size of the institutions: 85% of organisations employing 250 or more employees have introduced some innovation, while only 57% of those with less than 50 (but more than nine) employees have done so. National-level public administrations were more likely to innovate (76%) than regional (73%) or local (64%) organisations. The likelihood of service innovation did not differ between state/government institutions and independent (not-for-profit) organisations with public administration functions (both 67%); those few private companies that were classified within the surveyed sectors were less likely to have implemented new or improved services over the relevant period (57%).

Based on the question whether or not the institutions introduced innovations ahead of others in the Public Sector, the following categories were created:

- Leading innovators (that had introduced a service innovation in the past three years, and were the first in the field to implement a particular innovation)
- Trailing innovators (that had introduced a service innovation in the past three years, but had never pioneered any innovation in the sector)
- Non-innovators (that had not introduced any service innovations during the past three years).

At the EU level, 17% of surveyed institutions were classified as leading innovators. Leading innovators were typically large organisations (30% of institutions employing over 250 people had

Introduction of new or significantly improved services



Q1. Since January 2008, did your organisation introduce any new or significantly improved service?²

% Base: all EU 27 organisations

¹ In this report, the period from January 2008 to the survey date of October 2010 is generally referred to as the ‘past three years’.

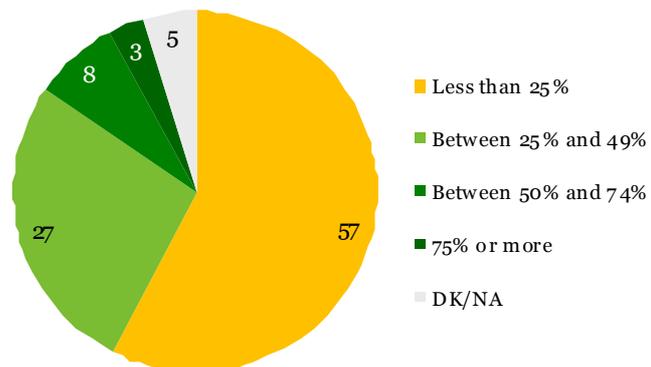
² Note the limits of comparison: different reference period (almost 3 years in Public Administration versus 2 years among enterprises) and the different size criteria (at least 10 persons in the public administration and 20 persons in the enterprise sector). Also, the enterprise sample only included companies active in specific innovation-intensive business sectors. The full report for the 2009 Innobarometer is accessible at http://www.proinno-europe.eu/admin/uploaded_documents/Innobarometer_2009.pdf

introduced some innovation ahead of others) and not local: compared to central or national institutions, localised institutions were half as likely to be leading innovators (14% vs. 29%). Differences according to the sector of operation were fairly modest, institutions active in the general government, health regulation and environmental regulation sectors were somewhat more innovative, while organisations from the areas of culture and sports were somewhat less likely to lead the way in service-related innovation.

In an attempt to measure the intensity of innovation activities related to services provided, the Innobarometer survey queried respondents about the estimated percentage of currently offered services that had been newly installed or significantly improved in the past three years. (This question was, obviously, only presented to those organisations that had reported *any* service-related innovation.)

The majority (57%) of innovative public administration institutions said that less than a quarter of their services were new or significantly improved. Just over a quarter (27%) claimed to have renewed 25-49% of their services, and 11% indicated that more than half of their services were novel or improved compared to January 2008.

Estimated percentage of new or significantly improved services



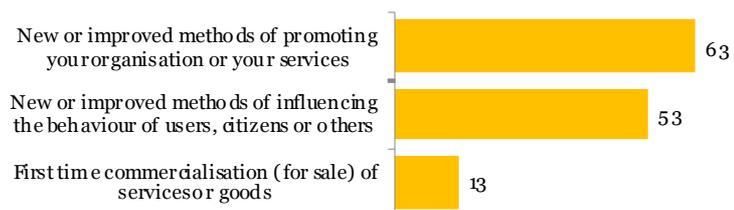
Q4. Please think of the different types of services provided by your organization in 2010. What percent of these are new or have been significantly improved since January 2008?

Base: organisations that have introduced a new or significantly improved services, %EU27

1.2 Innovations to improve communication

Typical areas in which new or improved solutions were introduced were in approaches organisations used to promote their activities / services or methods they used to change the behaviour of citizens. Almost two-thirds (63%) of surveyed organisations reported that they implemented new (or improved) methods to promote their organisation and services (63%). More than half (53%) of those interviewed indicated that they implemented new methods of influencing user behaviour. Finally, 13% of the institutions interviewed offered a newly commercialised service or product.

Introduction of new or significantly improved methods of promoting services or influencing user behaviour



Q5. Since January 2008, did your organisation introduce any new or significantly improved methods of communicating your activities to the public, such as ...?

Base: all EU27 organisations
% of 'Yes'

The larger the organisations, the more likely they were to introduce innovations in each of the three areas: the gap was the largest when it came to service commercialisation - large organisations were twice as likely (21%) as small ones (10%) to indicate that they were selling their products or services for the first time. An even stronger relationship existed for service innovation: leading service innovators (who were pioneering a new service or a significant improvement in an existing one) were

twice as likely to have commercialised a service (28%) than trailing innovators (14%), while only 5% of those who did not report any service innovation indicated that they had started to charge for some of their services. A similar pattern was observed in the other two innovation areas: leading service innovators outperformed trailing innovators, and especially non-innovators, in introducing new methods of influencing users or promoting their activities.

While, in general, government institutions were most likely to have introduced new methods for promoting services (64%) or influencing user behaviour (54%), service commercialisation was most prevalent in private companies active in the sampled sectors (25%, compared to 13% of government bodies/institutions and 15% of non-profits reported similar activity in the past three years). These types of innovations were in general more typical of national level institutions (especially compared to those operating at a local level), and especially in the energy and housing sectors.

1.3 Organisational innovation

Enterprises and public sector institutions implement a great deal of their innovations within their support systems. Various improvements in how they organise, manage and exploit their internal resources are important sources of innovation. This third segment examines some of these innovations.

A clear majority of public administration organisations (64%) had deployed new or improved methods of providing services or interacting with users, and almost as many (61%) had introduced improved support activities or systems (maintenance, purchasing, accounting, etc.) in the past three years. Half of those interviewed indicated that they installed new work-organisation or decision-making schemes (49%), and slightly less (43%) had implemented new or upgraded management systems. There was less focus on logistics: only 29% of public administration managers interviewed confirmed that they had improved such systems in the past three years.

Introduction of new or significantly improved processes or organisational methods



Q6. Since January 2008, did your organisation introduce any new or significantly improved processes or organisational methods, such as...?

Base: all EU27 organisations
% of 'Yes'

Regardless of the kind of innovation, the larger an organisation the more likely it was to have introduced new solutions or improved its support processes. Similarly, national or regional level institutions were more likely than local-level ones to have engaged in improving any of the tested support services, as the table below shows.

Government institutions also maintained an edge in innovation prevalence over non-profits as well as other private players in the surveyed sectors. However, independent organisations were more likely than government agencies to have improved their working methods and decision-making practices (government: 49%, independent companies: 54%). In every other aspect, however, government

institutions were more likely to have engaged in innovation – that is, having changed current practices – than those in the non-profit or business sectors.

Sectoral differences usually remained small, typically within sampling error. Health regulators emerged, however, as the most likely sector to have introduced a new or improved management system during the past three years (47% vs. an EU average of 43%). Differences were more pronounced in logistics: public administration organisations responsible for the environment outperformed (with 33% reporting innovation) those working in the areas of sports and culture (22%).

While government institutions were generally the most likely to have introduced new methods of promoting their services (64%) or influencing user behaviour (54%), service commercialisation was most prevalent in private companies active in the sampled sectors (25%, while 13% of government bodies/institutions and 15% of non-profits reported similar activity in the past three years).

Innovations in support systems seem to require attitudes similar to those observed in service - or product-related innovation: companies classified as leading innovators on the service side were also most likely to introduce new solutions in their support processes. Furthermore, those who had not introduced any service innovation during the past three years were significantly less likely to have implemented any significant improvement in any of the key operational support areas, even when compared to trailing service innovators.

1.4 Innovative activities, overall

In summary, while service innovation was most widespread in the public administrations of EU Member States, other forms of innovation concerning support structures also played an important role. The chart below summarises the incidences of various forms of innovation tested by Innobarometer at the EU level. As the above analyses have suggested, the likelihood of engaging in some kind of innovation, either organisational or service-related, was more or less equal across segments: broadly speaking, the same segments were most likely to embrace each type of novel solution.

At the EU level, almost 9 in 10 public administration organisations (88%) had engaged in one (or more) of the nine tested forms of innovation during the past three years³. Changes in service offerings and support structures were more frequent at larger organisations; almost all institutions with 250 or more employees (97%) reported introducing some kind of innovation since January 2008, but even organisations with less than 50 employees were very likely to say that they had introduced at least one innovation in the past three years (84%). If one looks at the number of areas where innovatory techniques were developed or adopted (the second column in the table below), large organisations were, on average, introducing innovations in six of the nine tested types, whereas small organisations reported having new or improved solutions in roughly four (actually 3.7) of the nine tested variants.

Government institutions and non-profits were more likely (89% and 88%, respectively) to report innovation of some kind than were private companies active in the surveyed sectors (82%) – and the number of innovation types was also lower in the private sphere (3.9 vs. 4.4 and 4.3, for government organisations and non-profits).

We already noted that local-level organisations were less likely to innovate in each of the surveyed aspects; very few of them, however, had service or support structures that were unchanged since January 2008 (87% had implemented at least one type of innovation included in the survey), and the number of innovation types reported was not much lower (4.2) than at the regional (5.0) or national (5.4) levels. The various service sectors were more or less equally prone to innovation – at least

³ The referenced 2009 Innobarometer among enterprises found any innovation activity (of five broad types the survey investigated) at 82% of all firms active in innovation intensive business sectors, during the past two years

according to this overall index – the variation of results were within the sampling error, i.e. not really different across service areas.

It was noteworthy that two-thirds (65%) of organisations that had not introduced any new or improved product or services had implemented some organisational- or support-system innovation since January 2008. Leading service innovators were, not surprisingly, innovative in most of the areas surveyed: on average, they confirmed that they had been innovative in about seven (6.5) of the nine types of innovations under investigation. Trailing service innovators were innovative in about five (5.3) of the areas, on average, while those that had not introduced any service innovation had only launched new or improved solutions in two areas since 2008.

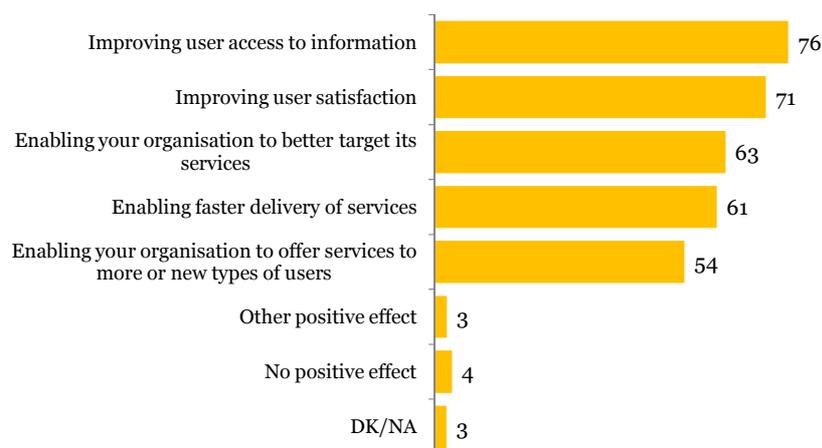
2. Effects of innovation

Innovative actions are generally taken to achieve positive outcomes; however, sometimes new solutions backfire and the net gain of the innovation might be negative. This section looks at the various positive and negative outcomes of innovation and concludes that innovations typically improve the work of public administrations and only rarely have negative effects. This section discusses the opinions of those organisations that have introduced at least one innovation.

2.1 Positive effects of innovation

Service innovations typically aim to provide users (citizens) with more appropriate, faster, and more accessible services. The most frequently achieved goal of service innovations was *improved user access to information*; at the EU level, three-quarters (76%) of respondents confirmed this benefit for at least one of the introduced service innovations. (This question was presented to organisations that had confirmed at least one innovation since January 2008, see section 1.4) Almost as many organisations (71%) indicated improved user satisfaction as a result of an innovation during the past three years. More targeted services (63%) and a faster delivery of services (61%) were confirmed by about 6 in 10 organisations active in public administration. More than half (54%) also confirmed that through innovation, they could now offer services to more or new types of users.

Major positive effect of new or significantly improved services



Q11. Have any of your new or significantly improved services, introduced since January 2008, had a major positive effect by:

Base: organisations that have introduced at least one innovation
% of mentions, EU27

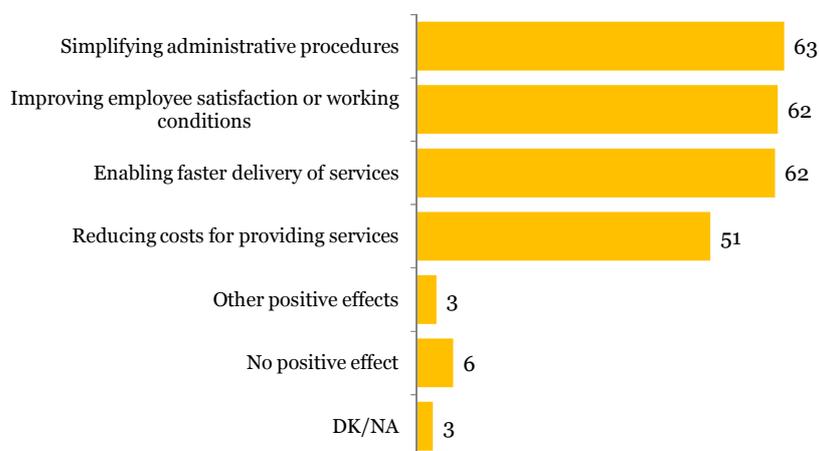
Only 4% - voluntarily - indicated that there had been no positive effect of any innovation that they had implemented during the past three years – 3% mentioned other benefits and 3% could not or would not say if innovation had brought any positive benefits.

By the nature of the question, frequent innovators had a greater likelihood of being able to confirm a positive effect (it was more likely that an organisation could report having at least one successful innovation out of 20 than out of two), and this was confirmed by the results by organisational background. The larger the organisations, the more likely they were to confirm a positive benefit of a service innovation in the recent past (consistently, for each positive outcome tested); similarly, leading innovators were more likely to achieve positive outcomes than trailing innovators.

National- and regional-level organisations were more likely than local ones to achieve each of the mentioned benefits than those active at a local level, and national institutions were usually more successful than regional ones in benefiting from innovation. The only exception was the area of user satisfaction, where regional institutions were slightly more successful (75% confirmed a positive effect) than local or national institutions (both 71%).

Process- or support-system innovations were seen as beneficial service innovations; only 6% of respondents indicated that these had not had any positive effects. About 6 in 10 organisations at the EU level confirmed benefits related to simplified administration (63%), improved working conditions or employee satisfaction (62%) and faster service delivery (also 62%). Cost reduction due to recent innovation was confirmed by half of the organisations interviewed (51%). In addition, 3% of organisations mentioned other positive effects. 3% could not or would not say if there had been positive effects.

Major positive effect of new or significantly improved processes or organisational methods



Q12. Have any of your new or significantly improved processes or organisational methods, introduced since January 2008, had a major positive effect by:
Base: organisations that have introduced at least one innovation
% of mentions, EU27

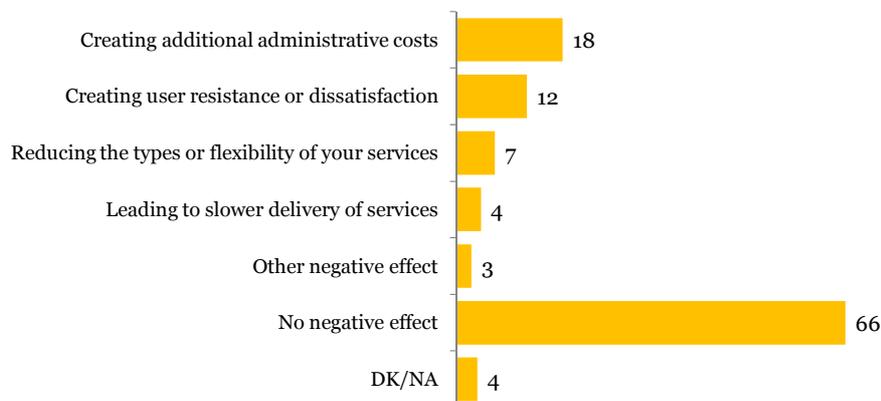
Once again, frequent innovators were most likely to confirm every positive outcome of support systems innovation: the larger the organisation the more likely it was to confirm every innovation-related benefit that the Innobarometer survey tested. Similarly, leading service innovators were more likely to achieve positive outcomes than trailing ones and much more likely than those who had not innovated in the provision of services in the past three years.

2.2 Negative effects of innovation

Two-thirds of managers interviewed indicated that the innovations that they had recently implemented had had no major sustained negative effects. Relatively speaking, the most frequently confirmed adverse effects of innovation were additional administration requirements (mentioned by 18%). Note: The questionnaire did not differentiate between service- and support-system innovation for this question, anybody who had implemented any type of innovation was surveyed for the possible negative effects of any of these improvements.

About 1 in 10 innovators (12%) mentioned that at least one of the innovations triggered user resistance or dissatisfaction and 7% indicated that service flexibility had been reduced by innovation. Only 4% felt that any of their innovations had led to a slower service delivery, and 3% mentioned that there was some other negative effect of a recent innovation.

Major negative effect of new or significantly improved services, processes or organisational methods



Q13. Have any of your new or significantly improved services, processes or organisational methods, introduced since January 2008, had a sustained major negative effect by:

Base: organisations that have introduced at least one innovation
% of mentions, EU27

Looking at the negative effects of innovations by type of organisations revealed few variances. In each segment, most respondents stated that there had been no negative effects from innovation; however, the frequency or intensity of innovation was negatively correlated with this outcome: leading service innovators (that were at the same time more likely than others to introduce more types of innovation) were more likely to indicate all of the listed problems related to recent innovations than trailing innovators and those who had only introduced support-service innovations. Similarly, the largest organisations (that also displayed a high frequency of innovation) were also somewhat less likely than others to claim that innovation had not brought any negative effects. But in some cases, these organisations were the least likely to report problems, i.e. they were the least likely to indicate that innovations caused further administrative burdens for their organisation.

Other noteworthy results were:

- Frequent innovators (large organisations and leading service innovators) were most likely to be confronted with user resistance or dissatisfaction
- Private companies were most likely to report an increased administrative burden as a sustained result of innovation in the past three years

- National-level institutions were the least likely to report increased administrative burdens, and they were the most likely to report that innovation had not caused any major sustained problems within their organisation.

3. Developing innovations

3.1 Drivers of innovation

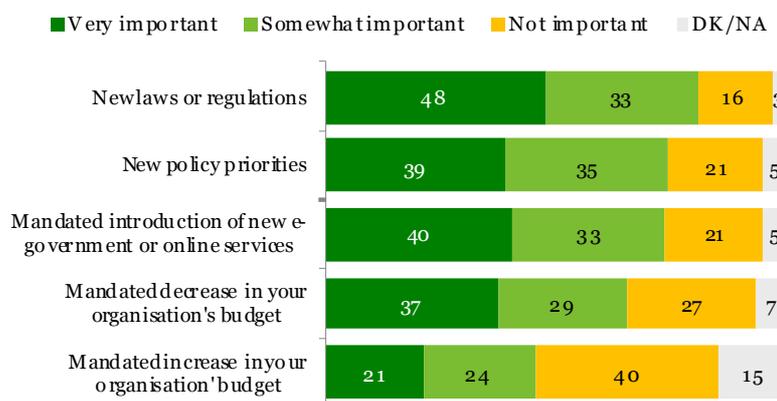
Drivers of public sector innovation are structural in that many organisations have no say in whether or not they have to implement changes that are decreed from above. Hence, the single most important driver of innovation was the introduction of new laws and regulations that led to organisations having new responsibilities and/or new methods of service provision: 48% of respondents at the EU level indicated that this was a very important factor that led to innovative solutions.

New policy priorities decreed by higher administrative levels or political leaders were very important innovation drivers for about 4 in 10 innovators (39%) and only one in five (21%) said that such new priorities did *not* play a role in triggering some recent innovations. E-government initiatives were similarly important: 40% of respondents indicated that they had to implement new solutions related to a mandated implementation of an online service provision. Mandated decreases in budgets also played a very important role for 37% of respondents and were somewhat important for a further 29%. These decreases were much more important than any mandated increases in budgets (which may have been less widespread anyway): 40% of those interviewed said that mandated increases played no role in innovation.

Overall, 4% of public administration organisations in the EU indicated that *none* of these drivers were even somewhat important in supporting their innovations.

Generally, these drivers affected the various segments of public administrations to a rather similar extent. However, some results clearly stood out. Budget cuts were responsible for triggering by far the greatest amount of innovation in the largest organisational segment (250+ employees) where 51% considered them to be 'very important' vs. an EU average of 37%. Above average proportions were also seen in the housing sector (48%) and in private companies (43%). On the other hand, private companies were also encouraged to implement new solutions by budget increases (39% vs. an EU average of 21%). Nevertheless, in each segment resource scarcity was more of a driving factor than an increase in available financial resources.

Importance of various political or legislative factors in driving the development and introduction of innovations



Q16. How important were the following political or legislative factors in driving the development and introduction of your innovations since January 2008?

Base: organisations that have introduced at least one innovation, % EU27

New laws and policy priorities were most likely to drive innovation in the largest organisational segment (new laws: 58% vs. an EU average of 48%, policy priorities: 57% vs. an average of 39%), and among independent, non-profit organisations (new laws: 50%, priorities: 42%). The health sector

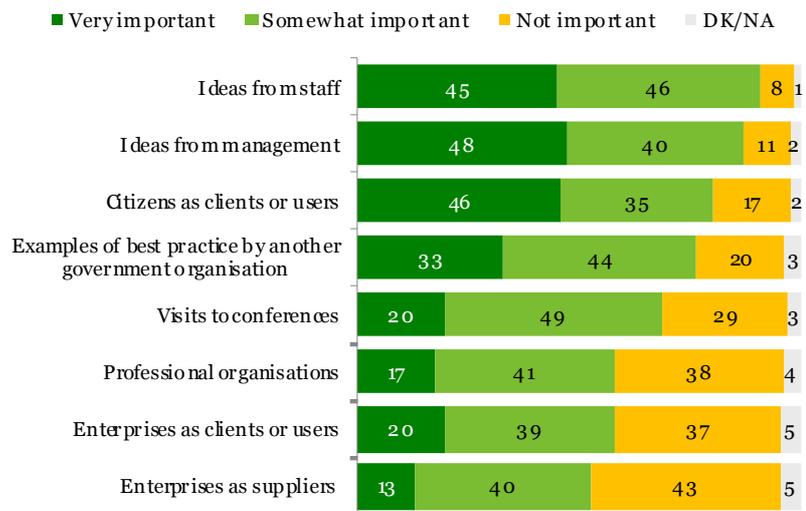
was also substantially more likely to implement innovations due to new regulations (52%) and regional-level organisations were also more likely to respond to such challenges with new or improved solutions in their operations (50%). E-government initiatives also had an above-average effect in the largest organisations (50% vs. 40% on average).

3.2 Information sources supporting innovation

Three major sources of information that played an important role in the development of public administration innovations were identified by the Innobarometer survey: ideas from staff (a very important source of information: 45%, not important: 8%), ideas from management (very important: 48%, not important: 11%) and input from clients or users (very important: 46%, not important: 17%). Best practices from other organisations in the public sector were also important sources of information or inspiration (33% considered this source to be very important and only one in five managers disagreed).

Conference visits were significantly less likely to be seen as *very* important sources of information, although only 29% indicated that such events did not play an at least somewhat important role in developing innovations. Professional organisations were less often mentioned as important sources of information (38% did not obtain any relevant information from this source). Businesses (either as clients but more typically as suppliers) were also among the least often noted sources of information for innovation development.

Importance of information sources for development of innovation



Q14. Since January 2008, how important were the following information sources for the development of your innovations?

Base: organisations that have introduced at least one innovation, % EU27

Conference visits were the most important information sources for the smallest organisations (21% mentioned this as a very important source vs. 16% in the large organisation segment). Also, national level organisations were more likely than others to confirm that conferences had contributed significantly to their innovation activities (25% vs. 19% among organisations active at a local level).

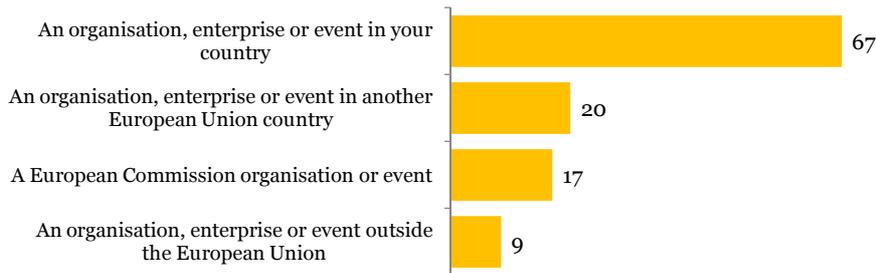
Private organisations in the public sector were more likely to draw from multiple information sources in comparison to government organisations or independents, the exceptions being the best practice examples in the public sector (most often confirmed by government organisations, 34% vs. only 16% of private companies) and input from citizens (which was most often confirmed as a very important information source by independent non-profits, 53% - only 45% in the government sector shared this assessment). User inputs – if coming from citizens – were most important for those who introduced novel service innovations (leading innovators: 55%). However, enterprises *as clients or users* served as information sources primarily for innovators active at a national level (33%). Corporate suppliers were, on the other hand, most likely to contribute to the innovations of the leading service innovators (21%, well above the EU average of 13%).

In a few segments, staff outscored management – even if marginally – as a very important source of information in support of innovations: independents (staff: 60%, management: 56%) and organisations that had not introduced any service innovation in the past three years (staff: 45%, management: 39%). In all other segments, management was typically considered to be a more significant source of innovation than staff, or having about the same significance.

With regard to using international (within or outside of the EU) sources, innovators predominantly confirmed using domestic sources of information (67%) to support their developments. It was remarkable that the EU Commission was almost as important as a single source of information (17%) as non-domestic organisations, events or enterprises in any other EU country (20%). European public administration innovations rarely obtained information from sources outside the EU (only 9% did so in relation to their innovations in the past three years.)

Finally, about one in seven (14%) innovators did not indicate *any* of these information sources as having been sources of their innovation projects.

Source of information to innovations



Q15. Since January 2008, did you obtain information essential to your innovations from any of the following sources?

Base: organisations that considered organisations, enterprises or events an important source of information
% of 'Yes', EU27

Considering non-domestic information sources, they were consistently used in above-average proportions by large organisations, non-profits, national-level institutions, those active in the health sector, and not surprisingly, leading service innovators. The European Commission, or events that it organised, was also a relevant information source for recent innovations. 38% of national-level organisations and 30% of leading service innovators mentioning that they had looked to the Commission, or to its events, to obtain critical input for their innovations since January 2008. Non-EU events or organisations were noted by one in five leading service innovators but only 6% of trailing service innovators and 5% of those that had not introduced any service innovation indicated these as essential sources of information or as an inspiration for their innovations. Considering events or organisations within another EU country, a similar but much less pronounced difference existed across these groups.

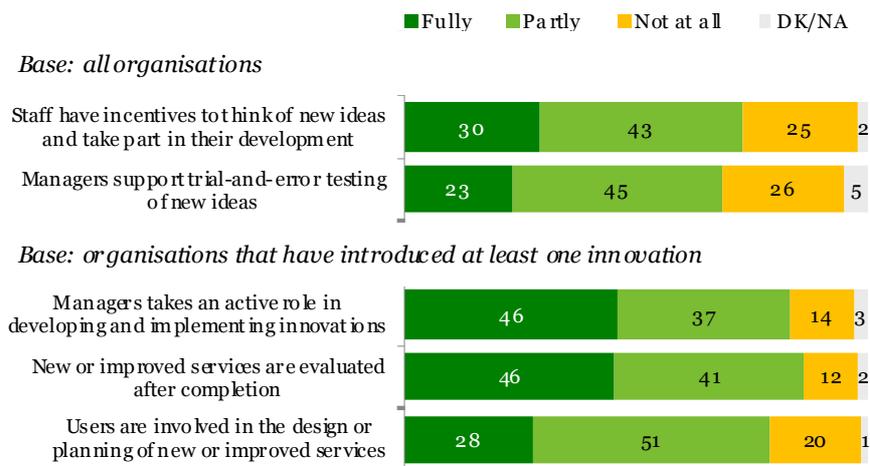
The European Commission itself was as important as all sources in other EU countries in supporting innovation for organisations that dealt with environmental issues (19% mentioned both), and even more (if nominally) important for non-profits (non-domestic EU sources: 22%, European Commission: 23%). Private companies were, on the other hand, by far the least likely to utilise European Commission sponsored events or the Commission itself to obtain critical information for their developments (7%).

3.3 Innovation culture

Probably due to the structurally determined nature of the bulk of the innovations taking place in the public administration sector (see section 3.1) a top-down approach of innovation or innovation support has been more prevalent (managers taking an active role in developing and implementing innovations: 46% fully applicable) as opposed to bottom-up innovation practices (staff having incentives for innovation creation: 30%, or managerial support for trial-and-error testing of ideas: 23%). Innovations were typically evaluated after implementation, only 12% indicated that this did not apply to their organisation, but users were less typically involved upfront, i.e. at the development stage of the innovations (this applied fully to only 28% of the organisations interviewed).

A bottom-up innovation culture, where staff had incentives for introducing or promoting new ideas, was the least characteristic of the government sector (29% claimed to have such incentives in place); on the other hand, more than half of private sector respondents confirmed that they encouraged staff initiatives in innovation creation and 40% did so in the non-profit sector as well.

Organisational attributes



Q17. How well do the following apply to your organisation since January 2008? % EU27

Leading innovators were driven by an active management role in innovation development (61% confirmed this as being the case), and national-level organisations were the most likely to confirm that managers took a leadership role in innovation. Leading service innovators were also more likely than others to claim that their management culture supported trial-and-error testing of new ideas (35%), whereas this practice was much less widespread in small organisations (21%), local-level ones (22%) and among those involved in the education sector (19%).

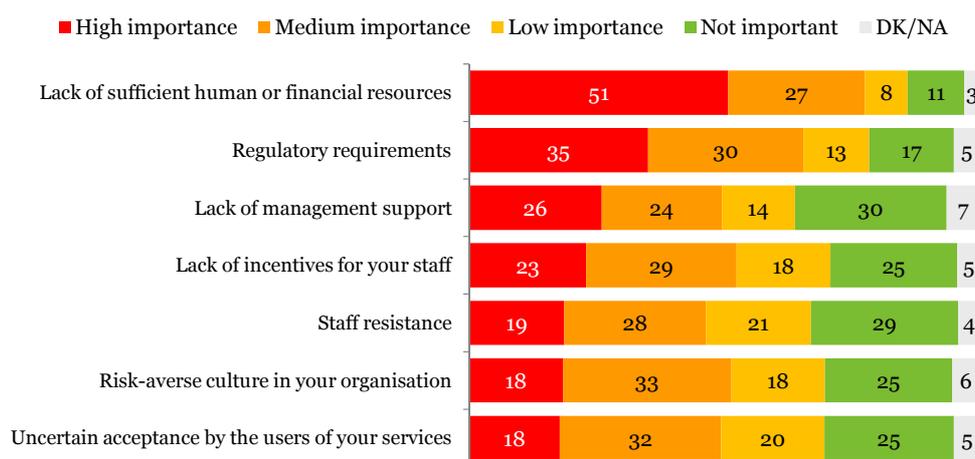
Clearly, innovating organisations operate a culture that allows or rewards promoting innovations by staff and through trial-and-error. The difference was particularly remarkable in allowing the possibility of failure: management support for trial-and-error testing applied much more to those organisations that have introduces innovations (fully: 24%, at least partly: 71%) compared to non-innovators (15% and 49%, respectively). Staff incentives for bringing up new ideas was also significantly more widespread among innovating organisations (fully: 31%, at least partly: 74%) than among non-innovators (16% and 64%, respectively).

User-involvement in developing new innovations characterised government organisations much less (27%) than non-profit (38%) or private organisations (40%). At least 4 in 10 organisations in every segment confirmed that new service innovations were evaluated after implementation; this was, relatively, the least widespread among the smallest organisations (41%) and in the education sector (39%).

3.4 Barriers to innovation

The most notable barrier to public administration innovation (across the EU) was the lack of resources: 78% of all organisations (not just innovators) indicated that they lacked either the necessary finances or human resources to develop innovations on their own. This had at least medium importance as a barrier to innovation. Rigid regulatory requirements also seemed to be important barrier for two-thirds (65%; high and medium importance, combined) of interviewed organisations. But, as the chart illustrates, each of the potential barriers listed were confirmed as having a medium level of importance, at least, in preventing innovations by at least half of surveyed managers.

Importance of various barriers to develop and introduce innovations



Q18. Since January 2008, how important were the following factors in preventing or delaying your organization's efforts to develop or introduce new or significantly improved services, communication methods, processes or organisational methods?
%, Base: all EU27 organisations

Focusing on the most prominent barriers (those with 'high importance') the various obstacles were ranked fairly similarly across the different sizes and types of organisations; for example, when it came to staff resistance or a risk-averse culture being a barrier to innovation the same results were seen across all segments. Lack of management support was mentioned in above-average proportions in the largest segment (250+ employees: 31%) and especially by private companies (38%). Even leading service innovators were likelier than the EU average (26%) to indicate that lacklustre support from management was a barrier to innovation (31% in this segment). Curiously, leading service innovators were also the likeliest to complain about risk-averse culture being an obstacle to innovation (24%) and less curiously, they were not as likely to mention employee resistance (24%).

A lack of employee incentives was a less frequent obstacle in the largest organisational segment (18% vs. an EU average of 23%), but this was most often an obstacle among private enterprises (32%). The latter group felt restricted in their innovations by regulatory requirements (47%), and this characterised local-level institutions (365) more than those active at a regional or national level (both 31%).

Trailing service innovators were the most likely to say that they were substantially burdened by a lack of resources: 54% said they lacked the necessary finances and/or human resources compared to 48% of leading service innovators and a similar number (47%) of those who had not introduced any service innovation. Organisations at a local level felt more troubled by scarce resources (53%) than those working at a regional (45%) or national level (40%). Nevertheless, lack of resources was mentioned as the primary obstacle to innovations in each segment used for the analysis.

3.5 Organisations involved in innovations

Public administration organisations most frequently developed new solutions on their own: 75% introduced an innovation without obtaining any outside help. Two-thirds (65%) had some innovation that they developed together with other public sector organisations, including national or regional affiliates of the same organisation. Less than half (45%) had an innovation that they developed together with private contractors, 37% developed innovation together with non-profits and about 3 in 10 (31%) implemented an innovation that had been developed externally without making any significant changes to it themselves.

Innovations were developed by...



Q3. Were any of these new or significantly improved services developed by:
Q7. Were any of these new or significantly improved processes or organisational methods developed by:

Base: organisations that have introduced a new or significantly improved services, processes or organisational methods, % of 'Yes', EU27

Respondents from each segment were most likely to confirm developing innovations on their own, this was the most frequent reply regardless of size, type, background or activity area – with one notable exception: leading innovators (public sector organisations that introduced at least one service innovation ahead of others in their field) were more likely to develop innovations in cooperation with other public sector organisations than on their own. Cooperative forms of innovation – all types – were the most frequent in segments that innovated intensively (large organisations -- with more than 250 employees -- and leading service innovators).

Private companies were more likely than non-profits or government institutions to cooperate with private sector organisations in developing innovations, and they were also slightly more likely to implement innovations developed by others, without making any significant changes. Similarly, government institutions tended to cooperate with public sector organisations (or within their own hierarchy) the most, especially if they were active at a regional level.

4. Human resources supporting innovation

The proportion of current staff with **higher education degrees** is frequently used in studies and evaluations as an indicator of innovation capacity. In public administration, the survey showed that in more than 4 in 10 organisations (42%) less than 10% of employees had higher education degrees (none: 11%, 1-9%: 31%).

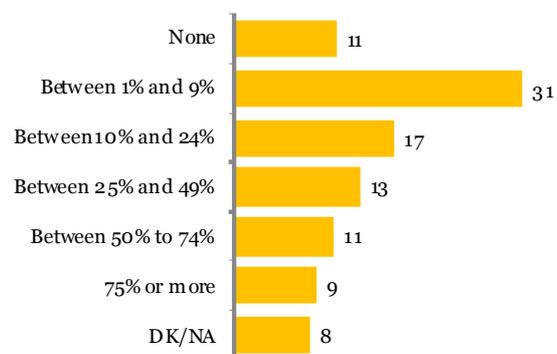
At least a quarter of the staff had higher education degrees in one-third of the surveyed organisations. In 20% of organizations, having a diploma was the norm (meaning more than 50% of colleagues had university degrees). A rather significant 8% of respondents were unable to say which category their organisation fit into (such reply coming mostly from the largest organisations).

The results confirmed a link between innovation and the proportion of university graduates in an organisation: company segments that were frequent innovators reported higher proportions of staff with degrees: i.e. in 23% of leading service innovators, more than half of the employees had university degrees. Comparatively, only 16% of those who had not introduced any service-related innovation during the past three years could say the same. A quarter (24%) of the largest organisations (that were among the most frequent innovators) were unable to state what percentage of their employees had university degrees; however, a similar number (23%) of those who *could* give an estimate stated that more than half of their employees had university degrees. National level organisations were by far the most likely (48%) to have at least 50 percent university educated staff. Non-profits were more likely than others to employ university graduates (in 29% more than half the staff had degrees, compared to 19% in the government sector and private companies). Considering the different activity sectors, healthcare had the most organisations with over 50% university educated employees (27%), in contrast with only 12% of organisations involved with housing, or 14% of institutions active in the areas of sports, culture and recreation.

Almost one in five (18%) of the surveyed public administration organisations (that had implemented some innovation since January 2008) indicated that they did not currently operate **teams that met regularly to develop innovations**, i.e. 0% of their employees participated in such a team. On the other hand, 12% of the institutions had teams that involved at least half of their employees. Predominantly, however, innovation-related teams in public sector organisations involved less than a quarter of their employees (51%).

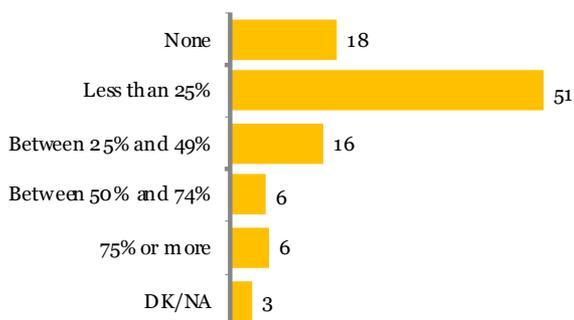
Such teams were least frequent in the smallest

Estimated percentage of employees with university degree



Q8. In 2010, approximately what percent of your organisation's employees had a university degree?
% Base: all EU 27 organisations

Estimated percentage of employees involved in groups that meet regularly to develop innovations



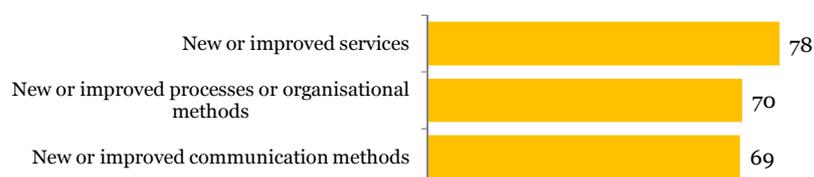
Q9. What percent of your employees are currently involved in groups that meet regularly to develop new or significantly improved services, communication methods, processes or organisational methods?
Base: organisations that have introduced at least one innovation, % EU27

organisational segment (10-49 employees: 28%), local-level institutions (21%) and among those that had not introduced any service innovation since January 2008.

Intensive teamwork around innovations, involving at least 50% of staff characterised national-level institutions (23%), leading innovators and private companies (both 19%) and the largest organisations (16%). It was also more frequently seen among health sector organisations (17%) in comparison to other sectors within public administration.

Most organisations that had introduced an innovation during the past three years also confirmed that they had provided training courses in order to help their employees to adopt, use or provide the innovative solutions that their organisation had introduced. Such training sessions were slightly more often related to the introduction of new or improved services (78% of innovators held them in order to support implementation), but nearly as many organisations that had introduced changes in their organisational methods and processes (70%) or new methods of communication (69%) had organised training sessions to help staff during implementation.

Training employees for...



Q10. Since January 2008, did your organization provide training for your employees specifically for implementing, using or providing...?

Base: organisations that have introduced at least one innovation
% of 'Yes', EU27

The frequency of training in the various segments was once again clearly linked to the frequency with which innovations had been introduced. High-frequency innovators were more likely than others to organise employee training of all types: large organisations and leading service innovators were most likely to support innovation implementation with specific staff training. This was also more widespread in the health sector than in other service areas.

5. Public procurement and innovation

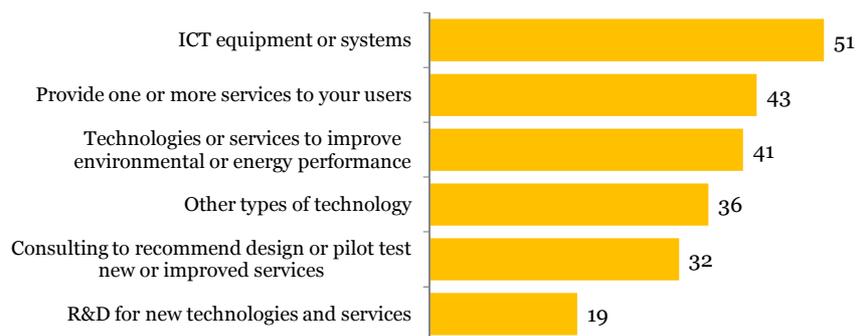
Innobarometer asked managers of public sector organisations (regardless of their innovation history) a few questions to explore the current role of innovation in public procurements (or conversely, procurement's role in innovation). We singled out a few procurement areas that typically or at least potentially involve an aspect of innovation, and asked managers whether or not their organisation has published a public tender for private contractors in any of these areas since January 2008. The list of the tested services were:

- *ICT equipment or systems*
- *Technologies or services to improve environmental or energy performance*
- *Other types of technology*
- *Consulting to recommend, design or pilot test new or improved services*
- *R&D for new technologies and services*
- *Provide one or more services to your users*

First of all, about one in five public administration organisations did **not** publish a tender in any of these areas. Small organisations (37%), private companies (32%) and especially those who did not introduce any service innovation were the least likely to publish tenders that potentially targeted or brought along some innovations.

Most of these tenders sought providers for information technology solutions (ITC equipment or systems: 51%). Many tenders specifically invited private businesses to provide some service to users on the behalf of the organisations (43%). About four in ten organisations (41%) invited providers to offer solutions for improved energy efficiency or lower environmental impact. About a third (32%) indicated that some of their calls were to invite contractors to consult, design or pilot test service improvements. About one in five were specifically looking for partners to carry out R&D for new technologies and services (19%). 36% were looking for contractors to provide some other technology for their organisation.

Publishing tenders to private businesses to provide goods and services

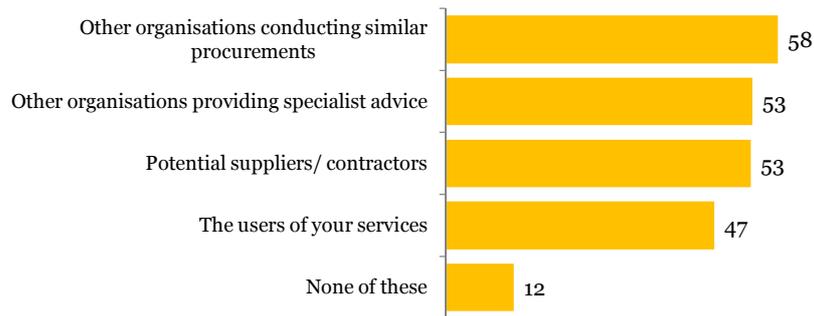


Q19. Since January 2008, did your organisation put out tenders to private businesses to provide any of the following goods and services?
%, Base: all EU27 organisations

The *size of organisations* had a clear relationship to the likelihood of publishing any innovation-driven calls for tender: the larger the organisations, the more likely they were to issue tenders addressing each of the tested goals (which may also be related to a generally larger volume of tenders run by larger organisations). The degree of *Involvement in innovation* had a similar relationship with a propensity to publish tenders potentially related to innovation: leading service innovators were at least twice as likely as those that did not introduce any service innovation to run a procurement targeting each of the specific services.

Organisations were likely to confirm that **they usually consult** some outside source in preparation of their tenders: only 13% said that they do not normally consult any of the potential sources included in the questionnaire. On an EU level, each of the potential sources included in the survey were mentioned by about half of the respondents: 58% asked for peer advice from organisations that had already conducted similar procurements, 53% consulted potential suppliers and the same proportion sourced information from a specialised consultant. Finally, 47% looked to users of their services for input.

Prior to publishing tenders organisations usually consult with...



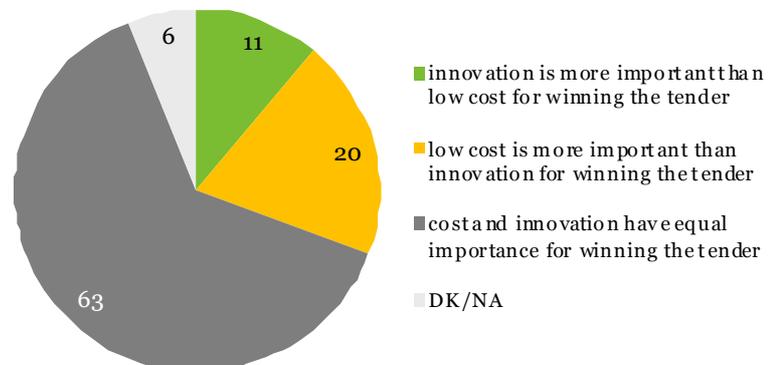
Q20. Prior to publishing tenders does your organisation usually consult with...?

Base: organisations that have published an innovation-relevant tender, % EU27

Potential contractors were consulted in above-average proportions by large organisations (250+ employees: 65%), private companies (65%), leading innovators (65%) and those active in the housing sector (61%). **Users of the services** were most often mentioned by large organisations (63%), nonprofits (52%), leading service innovators (58%) and those active in the housing and environment sectors (both 53%). **Peer advice** was mostly utilised once again by the largest organisations (74%), nonprofits (64%) and by those working in the culture/sports/recreation sector (62%). **Special consultancies** were consulted most frequently by large (65%) and independent (67%) organisations as well as those active in the education (61%) and culture (60%) sectors.

Most organisations involved with tendering felt that **when evaluating** proposals the ‘innovativeness’ of the services offered were about as important as the cost of the services (63%). While only a minority felt that either of the two had more importance in awarding contracts, most of these organisations reported costs having been more important than the innovative approach or solution presented in the tender (20%). Only about one in ten organisations (11%) indicated that the innovativeness of the proposals were considered more important than costs when awarding public contracts.

For an applicant to be successful in a tender



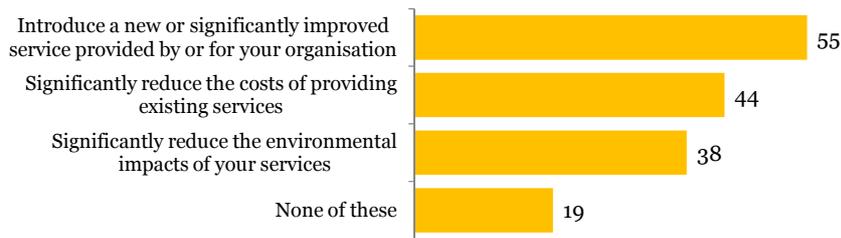
Q21. For an applicant to be successful in a tender from your organisation do you consider that...

Base: organisations that have published an innovation-relevant tender, %EU27

National- and regional-level institutions were more likely to put an emphasis on innovativeness (16% both) than on costs (13% and 10%, respectively), but overwhelmingly, in each segment, the norm was to give equal weight to both aspects.

More than half (55%) of the organisations that issued calls for tender with innovative aspects (any of those discussed at the top of this section) indicated that the procurements delivered or contributed to innovative *service* solutions (delivered by, or for their organisation). Cost-cutting without service innovation was a somewhat less frequent outcome of public tenders: 44% mentioned that they were able to reduce the provision costs of existing services through public tenders, and finally, 38% on an EU level managed to substantially reduce the environmental impacts of their services through solutions purchased by public procurement.

Results of tenders



Q22. Did any of your tenders since January 2008 obtain the following results?

Base: organisations that have published an innovation-relevant tender, % EU27

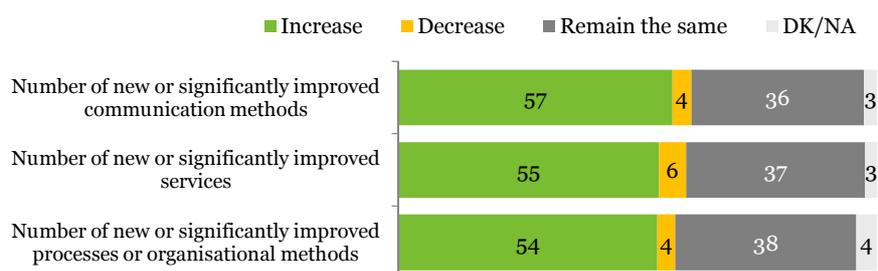
Innovative outcomes of tenders, regardless of type, were most frequently seen among the largest organisations and leading service innovators. Procurements concerning innovative services or a more cost effective provision of existing services were most often mentioned by nonprofits (service: 53%, cost: 48%), and national-level organisations (service: 67%, cost: 49%), whereas tenders resulting in a reduced environmental footprint were most often confirmed – by the largest (44%) and the most innovating (44%) segments as well as by private companies (51%) and by those active in the environment sector itself (44%).

Among organisations that were involved in the procurement of potentially innovation-related services, those least likely to confirm any of the above outcomes were in the smallest organisational segment (10-49 employees: 22%), among private companies (23%), among those operating on a local level (20%) and those that did not introduce any service innovation since 2008 (29%).

6. Future trends

Unanimously, public sector organisations in the EU expect their organisations to **increase the number of innovations** introduced in the next two years, regardless of their nature. Somewhat fewer than four in ten respondents felt that the number of innovations introduced will remain the same over the next two years, but the absolute majority felt that they will increase in number. 57% counted on an increased number of communications innovations, 55% anticipated a higher number of service-related innovations and 54% thought that the number of organisational innovations will increase over the course of the next two years. Only 4-6% of respondents (depending on innovation type, see chart below) felt that the number of innovations in their organisation will decrease.

Expectations about the number of innovations introduced by respondents' organisations



Q24. Compared to the period between 2008 and 2010, do you expect the number of innovations introduced by your organisation over the next two years to increase, decrease, or remain unchanged?
%, Base: all EU27 organisations

The table below shows the *net expectations* (% expecting improvement minus % expecting a decrease) for innovation trends for the next two years, by organisational background.

Evidently, the dominant opinion in each sector is that on balance, the number of innovations of all kinds will increase. An accelerating trend in *service innovation* is most anticipated by private companies (with a net score of 57%) and national level institutions (57%), while current frequent innovators are not much more likely than the average (49%) to expect increases in higher numbers (largest organisations: 52%, leading service innovators: 51%).

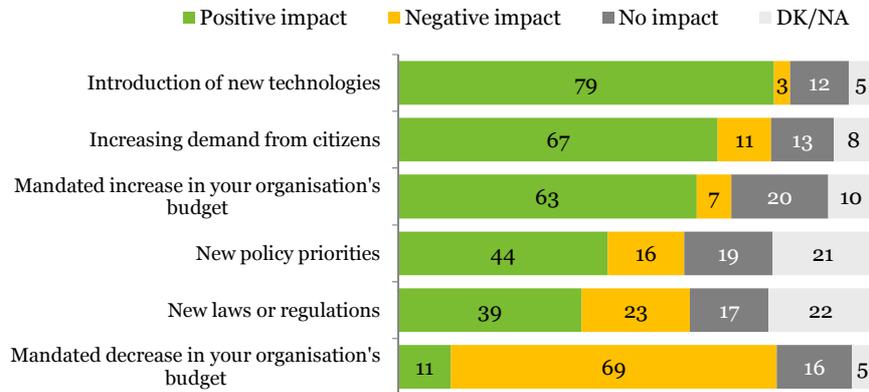
Leading service innovators (57%), national services (57%) and organisations active in the education (56%) and health (58%) sectors are most likely to expect an increase in communication innovation. The smallest organisations, local-level institutions and organisations involved with general government and financing activities were the most likely to anticipate accelerating trends in communications innovation.

An increase in organisational innovations is most widely anticipated in the largest public sector organisations (with a net score of 64% versus the average of 51%), and organisations active on a national level (59%).

Respondents were most likely to say that the introduction of new technologies **would have a positive impact on their ability to introduce** new or improved services over the coming two years (79% agreed). Two thirds expected increasing demands from citizens (67%), 44% foresaw new policy priorities, and 39% anticipated new regulations to improve their ability to innovate. In all these areas, public sector managers primarily expected changes contributing to their innovation potential. The plurality in each anticipated that these changes would have a positive rather than a negative or negligible impact (however, in the case of new regulations, the optimistic and combined non-optimistic opinions were on balance).

In the case of budgets, expectations do not seem to correspond to the current reality or may reflect to another level of innovations. The overwhelming majority of public sector managers stated that more money would positively affect (63%), and less money would negatively affect (69%) their organisation's innovation capability. However, current results suggested that budget cuts were – insofar – more efficient drivers of innovations than were increases in available funds.

Effect of various factors on the ability to introduce new or significantly improved services int the next two years



Q23. Over the next two years, do you expect any of the following factors to have a positive or negative impact on the ability of your organisation to introduce new or significantly improved services?
%, Base: all EU27 organisations

Starting with **mandated budget decreases**, such developments are expected to diminish the innovation potential in every segment analysed, in fairly similar proportions. In a few segments the expectations were less gloomy: these were private companies (where only 32% expected their ability to innovate to be hampered by budget cuts versus a 58% average) and leading service innovators (where 49% of managers were pessimistic). In all other regards, optimism was usually stronger than pessimism, although the positive and negative anticipations regarding **new laws** were exactly balanced in the non-profit segment as well as among those active in the housing administration sector. On the other hand, leading service innovators (26%) and especially national-level services (35%) felt substantially more positive than the average (EU: 16%) that these factors will tend to increase their ability to innovate. **New policy priorities** boosted similar expectations among the largest organisations (41% versus the average of 28%), national-level services (43%), and leading service innovators (39%).

Increased citizen demands were believed to have an overwhelmingly positive effect on innovations in all organisational segments. The largest organisations (51%), private companies (48%), housing (46%) and energy (49%) sector organisations, along with those that did not recently introduce any service innovation fell somewhere *below* the average (56%) in their anticipation of positive effects. The opinion that **new technologies** will facilitate innovation capacity over the next two years was similarly widespread, especially in the largest (82%) and the most innovative (81%) segments.

Finally, **mandated budget increases** triggered vast optimism for increasing innovation in each segment, with only the largest organisations (48%), private companies (44%), regional (48%) and national level organisations scoring below the 50% mark.