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Article

Risky Business

- Reconceptualising Risk and Innovation in Public Services

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One-Line Biographies

Sophie Flemig is a Research Fellow at the University of Edinburgh focusing on public policy and innovation. Stephen Osborne is Chair of International Public Management and Director of the Centre for Service Excellence. Tony Kinder retired from his position as a Senior Lecturer in Entrepreneurship in 2015. Sophie Flemig and Stephen Osborne are affiliated with the Centre for Service Excellence, University of Edinburgh Business School. The paper was written as part of the European union

FP7-project “Learning from Innovation in Public Service Environments” (LIPSE; www.lipse.org).

Summary

This paper explores the relationship between risk and innovation in public services, presenting the state of the literature across different disciplines and the academic and policy literature. It suggests a novel framework to approach risk, emphasising the importance of differentiating between different types of risk and risk management. The paper offers a typology of risk types and management approaches that indicates different effects on the type of public service innovation. It concludes by considering the implications for theory and practice.

Key words: Risk – Uncertainty – Innovation – Social Innovation – Public Services

Implications for Policy-makers and Managers:

Risk is a necessary corollary to innovation, yet it remains theoretically underspecified in public services. Expanding on Brown and Osborne’s (2013) literature review, the inclusion of further strands within scholarly work on risk suggests the following findings:

- * A new typology of risk, incorporating both risk (quantifiable) and uncertainty (unquantifiable) allows for a more holistic engagement with the risk versus innovation trade-off.
- * Managing risk and uncertainty effectively requires more than one risk management approach. Technocratic (‘hard factors’) risk management may suffice for risks of a technical nature, but risk governance (‘soft factors’), based on deliberation across the entire PSO and beyond, is best suited to address uncertainty and build organisational resilience.

* Risk management is an active and organisation-wide exercise throughout the entire innovation process.

Organisational culture in PSOs should accommodate mistakes and see them as part of an individual and organisational learning process related to innovation. However, current regulatory regimes do not provide suitable support. There may be a potential benefit in creating a risk agency to articulate an approach to such culture change across the public sector and PSOs.

I. Introduction

Innovation and risk taking are inextricably linked. As Hartley states “[i]nnovation... is uncertain in both process and outcome” (Hartley, 2013). Tidd and Bessant (2009) estimate that about 45% of innovation projects in the private sector fail while over 50% exceed their initial budget and/or timeline. Numbers in the public sector are likely to be similar. Yet belying these statistics, it remains a common notion that the public sector is inherently risk adverse (Jayasuriya, 2004; Patterson et al., 2009) whilst governments paradoxically demand increasingly more innovation (e.g. DIUS, 2008).

Despite this, even those commentators that acknowledge the connection between risk and innovation in public services have little to say by ways of how to balance risk and innovation. NESTA, for instance, dedicated a single line to the question of risk in public service innovation in a recent publication, acknowledging that it is – indeed – “important” (NSTA, 2013).

This current paper focuses on the nexus of risk and public service innovation and critically reviews the current state of literature and knowledge and its implications for policy. Identifying a clear lack of engagement with risk and innovation in the research and policy communities, the paper sets out an alternative theoretical framework in part two. This is based on a more differentiated treatment of risk, distinguishing two different types of risk across different loci and stages before considering the implications for theory and practice.

II. Risk and Innovation – State of the Literature

This paper builds on Brown and Osborne's (2013) review article on risk and innovation in public services, which is to date the most comprehensive treatment of the topic. It adopts their preferred definition of innovation as "the intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group organization or wider society" (West and Farr, 1990:3). As such, innovation is not synonymous with any change process. Rather, it is "a distinctive category of *discontinuous* change that offers special challenges to policymakers and service manager alike" (Brown and Osborne, 2013: 188; our emphasis). Brown & Osborne drew out three important conclusions. First, that there is a paucity of research on innovation in public services. Second that its conceptualisation is limited to actuarial and/or health and safety frameworks. Third, that public policy is notable in its absence in giving substantive guidance to public service managers beyond general blandishments that it is 'important' and 'needs to be managed'. Subsequently they developed an alternative framework that drew on Renn's (2008) work on risk governance. This balanced the complexity of the risk process and its locus against three approaches to engaging with it – the technocratic, political and governance modes.

Adopting this framework as our starting point, a further literature search was conducted using Web of Science, JSTOR, and Google Scholar. The search terms were restricted to "public sector", "public service", "innovation", and "risk", with all terms treated as necessary and the domain limited to peer-reviewed articles. This search yielded only one further result, in a non-peer-reviewed publication for the New Zealand government (Bhatta, 2003).

Bhatta (2003) also acknowledges the gap in empirical knowledge regarding the relationship between risk and innovation in public services. In particular, he notes that there are two significant differences between the public sector and the private sector as far as risk is concerned. These are the existence of intractable 'wicked problems' (Churchman, 1967) for public services and decisions about public service delivery, even when made under uncertainty, must meet higher standards of democratic scrutiny than do the unilateral 'executive decisions' of the private sector (Bhatta, 2003: p.2). Public services are particularly prone to such wicked problems because allocative choices do not simply result in variable differences in bottom line profitability, but are also attached to public goods, such as health or defence, that affect the lives of often vulnerable users and citizens directly. This means that even if the majority of a PSO's service decisions are beneficial and successful, there is still little tolerance for any sort of occasional or exceptional 'failure'. This leads to "playing safe" behaviour and "incremental pluralistic policy formation that enables the policies to move forward but only marginally at a time" (Bhatta, 2003: p.6). Consequently he suggests a series of different institutional, contextual and political variables that contextualise this decision making (Bhatta, 2003: p. 9).

Whilst useful, this single paper did not extend the contribution of Brown and Osborne (2013) significantly. Consequently, the literature search was widened to include "uncertainty" as an alternative for risk, and made the word "public" optional. Moreover, the 'grey' literature, of policy formulation and implementation advice, was included in the search also. The resulting search brought up over 350 results that were narrowed down by manual evaluation by these authors. This provided six groups of literature in addition to those of Brown and Osborne (2013). The following subsections provide an overview of the contributions these additional groups can add to our understanding of managing risk in innovation processes.

(i) Financial Accountability and Risk.

As described by Brown and Osborne (2013), risk management in the public sector is often associated with a technocratic, quantitative assessment of potential financial risk. This was explored further in a special issue of *Financial Accountability and Management* (August 2014) dedicated to public sector risk and which offers interesting insights for the innovation process in PSOs. Based on a single case study, Palermo (2014) argues that risk managers themselves can be a source of innovation in the public services when they adopt a ‘soft’ relational approach to risk management rather than a technocratic one. Empirical testing beyond Palermo’s single case study is necessary however to show whether such approaches really can drive innovation in public services.

In a similar vein, Andreeva et al. (2014) argue for an ‘oversight’ rather than ‘regulatory’ approach to risk management if innovation is to be privileged. However they find that such “knowledgeable oversight” requires the involvement of a wide group of stakeholders and that this poses its own challenges for accountability in public services.

Both papers demonstrate that accountability and risk management are inextricably linked in public service innovation, which so far is not sufficiently reflected in theoretical work. As Bhatta (2003) suggests, creating more capacity for innovation in public services will require a change in the sector’s risk aversion. Introducing new forms of accountability through novel regulatory approaches is one strategy of doing so, and which also resonates with Renn’s (2008) risk governance approach. We will pursue this conclusion in our theoretical model in the following section.

(ii) *Public-Private Partnerships (PPP) and Private Finance Initiative (PFI)*

Public-private partnerships (PPPs) have been hailed as a potentially significant source of innovation in public services and have also become common practice across advanced welfare states (Freshfields et al. 2005).

Lewis (2001) described PPPs as risk-sharing relationships between the public and the private sector, and linked the optimal allocation of risk to innovation in outcomes. The evidence is mixed though. Hood and McGarvey (2002) found that Scottish local authorities tended to make inefficient risk allocation choices when it came to PPPs because there was too little awareness of risk management across different sectors. Most importantly, they noted that the inability to manage risk effectively was what led many PPPs to fail to provide value for money and innovation. Hood et al. (2002) also point out that PPPs “have been criticised as representing poor value for money” (p.40) and highlighted that a lack of transparency in risk management was inhibiting democratic accountability.

One particular form of PPP that is said to promote innovation is the Private Finance Initiative (PFI), though again the evidence is ambivalent. Ball and King (2006) argue that risk transfer is essential for a PFI to deliver value for money, yet evidence from various sources (e.g. HM Treasury Task Force, 2000; Commission on Public Private Partnerships, 2001; National Audit Office, 1997, 2000) suggests that risk is inefficiently allocated in PFIs while also leading to negative outcomes, such as higher costs or severe time delays.

More recently, Ball et al. (2010) concluded that that the risk transfer between the public and the private sector in PFIs is asymmetric because “if things go well [...] the private sector will benefit, but if things turn out badly then the public sector client

finds it hard to exact the penalty regime laid down” (p. 289; see also Commission on Public Private Partnerships, 2001).

Contrariwise, Corner (2006) concluded that the advantage of the PFI had been to shift the risk focus away from a purely financial perspective to decisions about efficient risk allocation in the delivery of services and that this could support innovative approaches.

Finally, Wall and Connolly (2009) acknowledged that previous appraisals of PFIs have been largely negative, but pointed to a slow, but steady learning curve. At the same time, they caution that the transfer of risk will always entail one stronger and one weaker contracting partner.

(iii) *Private Sector Risk and Innovation Analogies*

The assumption of risk aversion permeating the public sector has been strongly implied by many papers in the literature. For example, Borins (2014) seems to take it as a given that the public sector is intrinsically risk averse. Hood and Rothstein (2000) challenge this view by pointing to the range of risk that the public services actually faces - including financial risks, risks to service users, risks to third parties and to the service providers themselves (p.1). They criticise the one-size-fits-all approach to risk that has been adopted across government. Presaging Renn’s (2008) argument, they argue, PSOs need to adapt their risk management strategies to specific types of risk through open and extensive communication *across* and not just within policy domains.

Bozeman and Kingsley (1998) challenge the assumption of a risk-averse public sector directly. They find “very little evidence of the *incidence* of risk aversion or

that the incidence is greater in the public than in the private sector” Factors such as size and management style seem to be more indicative of an organisation’s risk management approach than the differentiation between public and private sectors. Hartley (2013) confirms this by comparing public and private features of innovation, indicating that organisation size and maturity in particular accounts for differences in innovation between the two sectors.

(iv) *Political Accountability*

There is a significant literature that highlights the impact of the political accountability of public services for their approaches to risk and innovation. In an earlier age, Feller (1981) refers to public-sector innovation as ‘conspicuous production’, highlighting the way in which it could be used by public officials and politicians as a proxy for performance in areas where it was hard to demonstrate this latter trait. More recently, Hartley (2013) points out that the media scrutiny on public services means that innovation occurs with a higher degree of public transparency than in the private sector because of “the full glare of media publicity” (p. 54). Because public scrutiny and the potential cost of being responsible for a failure are high, there is an incentive for those in decision-making powers (on an individual and organisational level) to shift risks to other stakeholders within their policy network.

(v) *Economics Literature on Risk*

The economics literature on risk offers potential insights for risk and innovation in public services. Mack (1971) for example, juxtaposes how risk and uncertainty can affect innovative decisions in public services. She finds that it can be an inhibitor or enabler of innovative activity, dependent upon how service managers chose to conceptualise it.

On risk, Mack emphasises the importance of context. As long as a potential risk is known and considered manageable, it is not necessarily a barrier to innovation. The over-riding concern however is for risks that are ‘unknown’ – and so by definition, not manageable. This point is pursued further by Renn’s (2008) in his discussion of the social construction of risk, and we will return to it in our theoretical model in the subsequent section.

(vi) Practitioner’s Guides

Brown and Osborne (2013) refer to practice guides published by think tanks, such as NESTA and the Young Foundation (e.g. NESTA/Young Foundation, 2008). The UK government has furthermore issued broad guidance (including HM Treasury, 2004; NAO, 2000; the Audit Commission, 2007; DIUS, 2008). Few of these publications, however, offer concrete policy recommendations or a conceptual nexus of innovation and risk beyond the acknowledgment that the two are related.

In an UK context, Power (2004) discusses “The Risk Management of Everything”. Arguing that risk pervades every decision but is particularly relevant for public services, Power points to the “moral economy” of risk (p. 60). He concludes that, while more attention to risk has led to overall better decision-making in government, what needs to be addressed is the pre-occupation with reputational risk management over quality. This, so he concludes, prevents important innovation in public services.

The World Bank published a discussion paper on “Innovations and Risk Taking” (Campbell 1997) in the context of local government in Latin American and the Caribbean. While the content is very much geared towards the context of Latin

America and emerging democracies, the report concludes that decentralising decision-making and spreading responsibility across different levels of government – with a preference for bringing the responsibility of services to the lowest possible level of government – can spur innovation on a local level.

These practitioner’s guides resonate with some of the concerns in the research literature (see also the ALARM and CCAF approaches covered in Brown & Osborne’s original review). For instance, Campbell’s (1997) concerns echo those of Palermo’s (2014) whilst Power’s (2004) “moral economy” and its effects on risk management take up Renn’s (2008) concept of socially constructed risk and reinforces Hood’s (2012) “blame game” approach. This emphasises that risk management may be a political exercise for PSOs in which reputational risk is a constant factor in the delivery of public services.

Interim conclusions

Including these additional strands of literature into the review has highlighted additional approaches to risk and innovation in public services beyond those identified by Brown & Osborne (2013), which also have implications for the theoretical treatment of risk in innovation. The financial risk management literature, for example, has highlighted how novel approaches to regulation, such as communication structures or the division of responsibility, can act as a spur rather than inhibitor of innovation, whilst the PPP literature has suggested that such novel learning is beginning to take place, albeit inconsistently. Similarly the evidence that PSOs do not seem to be intrinsically more risk averse than the private sector is important – though the effect of media scrutiny upon their accountability does have to be factored in also. The economic literature and its differentiated assessment of the sometimes-counteracting effects of risk and uncertainty on innovative behaviour in PSOs further emphasises that importance of differentiating between

the two concepts. Finally, practitioner’s guides do provide some practice support for the research findings in a range of contexts. Our concluding section will integrate these insights with those of Brown & Osborne (2013) to move forward our understanding and to provide a conceptual framework, both for research and for practice.

III. Conceptualising Risk and Innovation

Brown and Osborne (2013) proposed a holistic framework for risk governance and innovation in public services (see table I below). This connected the three approaches to risk (technocratic, decisionistic and transparent governance) identified by Renn (2008) with the three types of innovation (total, expansionary and evolutionary) as defined by Osborne (1998b). They argued that technocratic risk management provides a framework for evolutionary innovation, while decisionistic risk management can accommodate evolutionary and expansionary innovation. Transparent risk governance, on the other hand, provides the most comprehensive framework that is essential for total innovation.

Mode of Risk Governance/ Type of Innovation	Risk Minimisation (technocratic)	Risk Analysis (decisionistic)	Risk Negotiation (transparent governance)
Evolutionary	X	X	X
Expansionary		X	X

Total	X
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Table I – A holistic framework for risk governance and public service innovation (based on Brown & Osborne, 2013)

This is an important framework, however the extended literature review presented here has suggested important extensions to this framework that will enhance its utility for future academic research and risk management practice. These extensions are presented below.

Proposition 1: Approaches to risk should differentiation between risk and uncertainty in their effects on public service innovation.

The economic theory literature highlighted the distinction between risk in the classical sense (referred to as “operational risk” and uncertainty, that is, unquantifiable risk that cannot be appraised *ex ante* or planned for; see Mack, 1971). This differentiation has important implications for risk and public service innovation: operational risk can, in theory at least, be planned for, whilst uncertainty cannot. Therefore we propose that they require differential risk governance approaches when it comes to spurring public service innovative.

Implications for Theory

The underlying reasoning is as follows: Known risks can be assumed to drive innovation in so far as they provide the opportunity to find new ways of harnessing these known risks (e.g. new waste management techniques in environmental sustainability, new medication in mental health treatment, etc.). Thus, known risks can indeed spur expansionary innovation. Contrariwise, these known risks may also act as barriers to innovation, through the regulatory and contracting specifications that they invite, as discussed above – not least as in relation to the PFI.

Uncertainty, on the other hand, can spur innovation by ways of sudden shocks. Since it is unquantifiable and cannot be known *ex ante*, the innovation it can potentially spur is more likely to be spontaneous and unplanned and to have the potential to be total rather than partial innovation. At the same time, however, high levels of uncertainty can be perceived as “riskier” overall and may hence decrease the willingness to innovate (Bozeman and Kingsley, 1998; Mack, 1971).

Implications for Practice

Uncertainty thus requires a more nuanced approach to its governance than does operational risk and will privilege the softer cultural and communicative approaches identified by Andreeva et al (2014) and others. This echoes the belief of Peters (1989), who suggested that organisations will need to proactively engage with ‘chaos’ (similarly defined as uncertainty) and channel it as a driver for innovation in order to succeed.

	Approaches to risk		Approaches to Uncertainty
Mode of Risk	Risk	Risk Analysis	Risk
Governance/ Type of Innovation	Minimisation (technocratic)	(decisionistic)	Negotiation (transparent governance)
Evolutionary	X	X	X
Expansionary		X	X
Total			X X

Table II – a modified approach to risk governance

This approach is brought together in Table II and is an important development. Whilst PSOs may indeed plan to innovate and to address risk in this process, much risk in public services can be emergent and uncertain, deriving from environmental changes. Thus, it is not always possible to predict political policy changes, for example, or sudden shift in patterns of social or economic need. Our revised framework therefore incorporates uncertainty as a separate concept into approaches for addressing risk in public services innovation.

Proposition 2: Intrinsic risk-aversion of public administrators is a myth – contextual factors constrain and/or enable innovation.

The innovation literature often provides a rather one-dimensional view of the role of public service managers in innovation in public services. It invariably argues that risk aversion is more prevalent in the public than in the private sector. However the literature reviewed here has suggested that this may not be an intrinsic feature but rather a result of exogenous third factors, such as organisational size or media scrutiny, rather than of individual agency.

Implications for Theory

Bhatta's discussion of wicked problems also points to important differences in context: PSOs can rarely choose their users/customers, neither do the latter have a choice among different providers -whilst private firms can and do 'cherry-pick' customers and adapt its service provisions (and prices) accordingly. Moreover, PSOs cannot respond to increases in demand (e.g. an ageing population with increased

social service requirements) as flexible as their private sector counterparts: prices are not just based on demand and supply, but are limited by taxation regimes and the expectation of unlimited availability. For PSOs an increase in demand is a challenge of resource utilisation whilst for private firms it is a promise of increased profits.

Implications for Practice

The media and public scrutiny context of public services reinforces the tenets of Hood's (1998) "blame-game" - structural incentives (e.g. reward/promotion schemes and statutory regulation) are set to avoid blame, leaving little space for learning from either mistakes or failed innovation. Such learning is a core part of the 'innovation cycle' in the private sector yet is precluded for public services by existing accountability mechanisms and media scrutiny. This structural problem, of the blocks to learning, is a fundamental problem for innovation in public services. Because risk and failure are both seen as normatively 'bad' in public services (for good reasons, in most cases) this breaks down the 'innovation cycle' - learning and evolving from risk cannot occur because, by definition, failure is normatively negative. One possible route forward here would be the establishment of a Risk Agency for public services, similar to the Medicines and Healthcare Products Regulatory Agency (MHRA) for drug treatments in the UK National Health Service (NHS). This would separate the assessment of innovation risk from public service management and, potentially, allow for learning from innovation failures rather than media approbation.

IV. Toward a New Framework for Risk and Public Service Innovation

In the previous section, we modified the risk and public service innovation framework developed by Brown & Osborne (2013) in the light of the extended literature review. We used this as a starting point and incorporated two additional propositions to provide a revised framework. At the core of this is a differentiation between risk and uncertainty. To reflect the findings from the wider literature (see previous sections), the new framework to risk in public service innovation also incorporates two different types of approaches to risk: hard risk management and soft risk management. Hard risk management encompasses technocratic and rule/regulation-driven risk management. These approaches are set at a strategic level in the PSO (management guidelines) or its political environment (e.g. statutory regulation). They are best suited to manage known and constrained risks and to provide the possibility for evolutionary innovation. When applied to uncertainty, however, these hard risk management approaches stifle innovation. Since uncertainty cannot be specified 'a priori', hard risk management approaches are, as Mack (1971) argued, likely to deter PSOs from adopting innovative alternatives in favour of traditional options that follow the existing rules and regulations.

Soft risk management approaches encompass risk governance approaches based on communication, relational management and changes to a PSO's organisational culture. For known risks, this can involve risk management at operational levels of the organisation (frontline staff and their immediate managers). With the power to address risk at this grass-root stage, they can also react more directly to new service user needs. Thus, soft risk management approaches in the case of known risks can result in expansionary innovation. However, as Andreeva et al. (2014) caution, this diffusion of responsibility may also backfire and lead to a "blame game" when it comes to public service accountability (Hood, 2012). It may also be sub-optimally

less efficient than harder approaches to risk at this level, if having the potential for a more effective service outcome.

Finally, soft risk management approaches are also indicated as the most successful way in which to manage uncertainty in public service delivery uncertainty, leading to a PSO culture that does indeed “thrive on chaos” (Peters, 1989) and invites total innovation in public services. This is however dependent on a successful system of communication and joint decision-making across the PSO (Palermo, 2014). It is undoubtedly the most high risk strategy for PSOs – but one with the potential for the greatest benefits for the organisation and for service users.

Type of Risk/ Risk Management Approach	Risk	Uncertainty
Hard risk management	Evolutionary Innovation (top-down risk management)	Stagnation (minimisation approach)
Soft risk management	Expansionary Innovation (people-driven risk management)	Total Innovation (“Thriving on Chaos”)

Table IV – Hard and soft approaches to risk management

In reality of course, PSOs will rarely deal with only one type of risk at any time. Rather, they must address risk and uncertainty constantly, and at different levels. For instance, there may be known risks for service users in care homes, such as their frailty and specific patient history. At the same time, there may be uncertainty about future funding for a new initiative or the effects of a new service, such as the cooperation with a primary school. The holistic framework we propose allows for the co-existence of risk and uncertainty and points to appropriate strategies devised for its resolution.

V. Implications for Practice

Based on the two theoretical propositions and the proposed new typology of risk and social innovation in public services, we present three corresponding implications for practice.

1. PSOs have to structure risk governance both to address known risks and to encourage organisational resilience to deal with uncertainty.

In some cases of innovation, especially those of a technical nature and limited scope, technocratic risk management may well suffice and provide the best response to risk in the social innovation process.

However, once we recognise uncertainty as a distinct phenomenon, we also need to think about how to address it. Because of its intrinsic unpredictability, specific *risk* management techniques are most likely to be of much help in the case of uncertainty. A strict and formalistic risk management structure may not just curtail innovation potential; it is also likely to hamper the management of uncertainty. This means that managing uncertainty involves flexibility and sufficient space for creative (and often itself innovative) responses to an unforeseen situation. Thus, communication is of vital importance, as is the organisation flexibility to react to emerging project needs at short notice and irrespective of individual rank and

position. Finally, it also means creating an organisational culture that is flexible enough to accommodate mistakes as a learning process in the innovation project itself. This is a real challenge for PSOs within current regulatory regimes and points again to the potential benefit of a Risk Agency that articulates the process.

2. PSOs need to understand risk management as a continuous, not a discrete process.

In many cases, active risk management is in practice limited to three distinct occasions: a due diligence process at the beginning of a project, potential risk management upon the actualisation of a risk, and finally, a 'post mortem' once the project has been concluded. At other points during the innovation process, however, risk management is dormant - progress is tracked but risk management activities involving the entire organisation only commences when triggered by something going wrong.

Based on our revised framework, we suggest that risk management should be seen as an active and organisation-wide exercise throughout the entire innovation process. Communication streams should incorporate a regular and comprehensive risk discourse that allows board members and managerial staff to connect with front-line staff experience beyond their own team members. Conversely, this also implies that on-going front-line innovation should also be integrated into the overall risk management strategy of the PSO. Thus, true risk governance does not only require a regular and continuous exchange on risk across the entire organisation; it also requires a willingness to adapt plans once an innovative project has started.

3. PSOs need to adapt risk governance strategies to the organisation's structure.

Statutory regulation and its application within PSOs still identifies individual public service agents as risk-averse. While risk minimisation for service users is seen as paramount, often quite rightly, regulatory agencies rarely recognise their own role in affecting the innovative capacity of PSOs (Osborne 1998). If innovation is to be encouraged, regulatory frameworks and agencies have to engage more in 'soft' negotiated discussion about balancing the risks and benefits of innovation, rather than simply applying 'hard' and undifferentiated risk management approaches (Osborne & Flynn 1997).

VI. Conclusions

This conceptual paper has explored the nexus between risk and innovation within public services. We included six additional fields of literature in addition to Brown & Osborne's (2013) initial literature search. Subsequently we suggested two propositions for theory and three corresponding implications for practice. A new conceptual framework of risk and innovation in public services was evolved that has differentiated between risk and uncertainty and soft and hard risk management approaches within a public service context. Further empirical testing of this framework is now required to hone its dimensions and implications for practice. Without this, approaches to risk and innovation in public services will continue to be a block to such innovation – rather than an essential part of its governance and a key route to service learning and development.

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