

# Innovativeness in public sector organizations



**Christian Marc Bjerregaard-Nielsen**

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Supervisor: Borislav Uzelac

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## Abstract

In this thesis, I investigate the restructurings of two public organizations, the Danish Defence and the Municipality of Gentofte, through the lens of the garbage can theory to examine how external factors affect the decision structures of the organizations. This is done with the aim of discovering organizational characteristics that have implications for organizational innovativeness. Public sector organizations are widely perceived as being less innovative than private companies, and by investigating the link between external factors, decision structures and innovativeness, an improved understanding of the differences between private sector and public sector organizations is achieved.

My findings showed risk-averseness to hinder innovativeness. The nature of the Defence's tasks and the political style in the parliament caused this risk-aversion. In Gentofte the low levels of autonomy and the need for politically acceptable proposals caused the risk-aversion. External factors affected the decision processes by providing alternative choice opportunities elsewhere, that led to a longer process in the Defence case, and a greater variability in outcomes in Gentofte.

## Table of Contents

Abstract.....	3
Introduction.....	6
<b>Literature Review .....</b>	<b>8</b>
Innovation as a driver of economic development.....	8
Factors influencing innovativeness.....	10
<i>Risk-taking</i> .....	11
<i>Hierarchy</i> .....	11
<i>Professionalism</i> .....	13
<i>External communication</i> .....	13
<i>Competition</i> .....	13
<i>Internal communication</i> .....	14
<i>Ambiguity</i> .....	15
Characteristics of the public sector.....	15
<i>Citizens' own responsibility for achieving desired outcomes</i> .....	17
<i>Conflicting stakeholders and ambiguity</i> .....	18
<i>Autonomy</i> .....	18
Garbage can theory.....	20
<b>Methodology.....</b>	<b>27</b>
Inductive approach.....	27
Case study.....	28
Secondary data.....	29
<b>Findings.....</b>	<b>31</b>
Municipality of Gentofte.....	31
<i>Background for restructuring</i> .....	31
<i>Gentofte Municipality</i> .....	33
<i>Gentofte Municipality's organizational structure</i> .....	33
<i>Empowering the citizens</i> .....	34
<i>The experiences of the new structure</i> .....	35
<i>Garbage can elements</i> .....	36
<i>Time issues</i> .....	36
<i>Decision structures</i> .....	39
<i>Fluid participation</i> .....	41
<i>Legitimacy</i> .....	42
<i>Innovativeness at Gentofte Municipality</i> .....	43
<i>Risk-taking</i> .....	43
<i>Centralization and formalization</i> .....	44
<i>Internal communication</i> .....	45
<i>Professionalism and external communication</i> .....	46
The restructuring of the Danish Defence.....	47
<i>The first steps towards restructuring the Danish Defence</i> .....	47
<i>The Defence's organization and objectives</i> .....	48
<i>Conflicts between the political and military level</i> .....	49
<i>The new structure</i> .....	49
<i>Cost savings</i> .....	50
<i>Poor management</i> .....	51
<i>A changed environment and new challenges</i> .....	51
<i>Analysis of garbage can elements</i> .....	53
<i>Decision structures</i> .....	53

<i>Decision time</i> .....	55
<i>Coalition-bargaining</i> .....	55
<i>Ambiguities</i> .....	56
<i>Entrepreneurial style</i> .....	58
<i>Confluence of streams</i> .....	59
<i>Application of innovation theories</i> .....	62
<i>Risk-taking</i> .....	62
<i>Internal and external communication</i> .....	62
<i>Centralization and formalization</i> .....	63
<i>Professionalism</i> .....	64
<i>Competition</i> .....	65
<i>Mission clarity</i> .....	65
<b>Discussion</b> .....	<b>67</b>
<i>Confluence of streams</i> .....	67
<i>Timing</i> .....	68
<i>Fluid participation</i> .....	70
<i>Decision structures</i> .....	70
<i>Legitimacy</i> .....	71
<i>Ambiguities</i> .....	73
<i>Risk-taking</i> .....	74
<i>Autonomy</i> .....	75
<i>Centralization and formalization</i> .....	75
<i>External communication</i> .....	76
<i>Internal communication</i> .....	77
<i>Professionalism</i> .....	77
<i>Limitations</i> .....	78
<b>Conclusion</b> .....	<b>80</b>
<b>References</b> .....	<b>82</b>

## Introduction

In Denmark, the public sector plays a substantial role by providing a wide range of services to its citizens and consequently claiming large resources in the form of high taxes. Naturally, there is a wish in the population and the government for the public sector to be as efficient as possible and to deliver services of the highest quality.

One way of improving services and lowering the costs is to increase the innovativeness of public institutions, but that has proved rather difficult.

The private sector is widely perceived to be more innovative than the public sector, and attempts have been made to structure the public institutions more along the principles that guide private sector enterprises. However, there are limits to the degree the public sector can emulate private companies. The public sector has different incentives and values, face more diverse stakeholders with, at times, conflicting demands. Further, many of the services provided by the public sector are of a different nature than those provided by the private sector, e.g. defence. These factors affect the organizational and decision-making structures in public institutions. Given that the public sector is under pressure to innovate to meet demands for improved services and lower costs, public sector innovativeness and improvement thereof is a hugely important field. Since public sector decision-making structures are significantly different from those in the private sector, it would be very useful to understand whether these differences affect innovativeness. This thesis analyse decision-making structures and their impact on innovation in two relevant cases, the municipality of Gentofte and Forsvaret (The Danish Defence), using the *Garbage Can Theory*, which was developed with public institutions in mind and acknowledges that organizations do not always make rational decisions.

Thus, the following research question will guide this thesis:

*How do stakeholders' interests and the need for legitimacy influence public sector organizations' innovativeness?*

To answer the research questions, this thesis proceeds as follows. Section 2 establishes a theoretical framework by giving a thorough review of previous literature on how decision-making structures affect innovation and introduces the garbage can theory.

Section 3 presents and evaluates the data and methodology used.

Section 4 contains an in-depth analysis and presentation of findings.

Section 5 discusses these findings in relation to previous literature.

Section 6 concludes the thesis.

## Literature Review

### Innovation as a driver of economic development

Innovation is a term so widely used these days that it has almost lost its meaning to many people. However, there is a consensus that innovation is positive and should be encouraged and stimulated as much as possible. There are various definitions of innovations in the literature. What they have in common is that they involve creating something new and something of value. Mulgan p. 6 (2007) defines public sector innovation as being: *“about new ideas that work at creating public value. The ideas have to be at least in part new (rather than improvements); they have to be taken up (rather than just being good ideas; and they have to be useful.”*

Innovation has for many years been acknowledged as an integral part of long-run economic growth and development. New valuable ideas provide ways of fulfilling previous undiscovered and unmet needs and thereby creating a new market. As a result of the new created market, companies will emerge and provide job opportunities to people with all its positive effects such as increased economic growth.

Innovations can also be applied in already established markets, where the new ideas can improve on existing products and meet the customers' needs in a better way or at a lower cost. This can lead to a shake-up of a given industry where newly founded and innovative firms replace the old guard, which in Schumpeter's terms is called “creative destruction”(Schumpeter 1942).

In this way, more efficient firms replace less efficient firms, who are forced out of the market, and either fold or deploy their resources in a different field in a more efficient manner, and consequently for the good of society.

Innovation can be many other things than new products to a market. It can also be internal to a company that restructure their organization in a new and valuable way, that, for instance, facilitate communication and cooperation within the company.

Innovation is complex. It is difficult to find suitable metrics for measuring the effect of investing in innovation activities in one year and see a direct effect on the output.



Number of patents is often used as a measure of innovations, but the size, complexity and significance of the patented innovations can vary enormously, thereby blurring the picture. Studies have showed only half of the patent applications result in patents, only a third of them gets licensed, and only 10-20% of these licenses produce a major income (Carlsson and Fridh 2002). While invention is creating a new product or process for the first time, a product or process needs to add value to be viewed as an innovation.

Investment in research and development activities have also been used as a measure, but it also has its shortcomings. A regression showing the relation between investments in R&D and economic growth in 29 OECD countries in the period from 1981 to 2000 did not show a clear correlation of countries spending the most on R&D also experiencing the highest economic growth (OECD, Statistical Compendium on CD, 2002:2).

It is the successful application of the knowledge resulting from research and development activities that drive development. One study used entrepreneurship as a variable in this relation, and found a strong and positive relationship between entrepreneurship and growth (Braunerhjelm et al. 2009).

In a study of the three Central European economies Poland, Hungary and Czech Republic, the evolution of R&D expenditures, number of trademarks, number of patents were used as a measure for the level of innovation present in the economies (Pecea et al. 2015). The hypothesis of innovation contributing to economic growth was supported. Additionally, higher quality of human capital was also found to contribute positively to economic growth.

In a classic production function, output is the result of a combination of labour and capital. Output growth can result from raising either labour or capital input or because of higher multifactor productivity.

Innovations can lead to technological progress that can be translated into improved physical capital in the form of more sophisticated machines. Studies have found between 0.2% and 0.4% of growth in GDP in the period from 1985 to 2000 to originate from technological progress (OECD, 2015).

Another form of innovation is knowledge-based capital like software, research and development, data and so on. A study found 0.5% of GDP growth in EU member

countries in the period of 1995 to 2007 could be attributed to knowledge-based capital (Corrado et al. 2012).

Not only does innovation have a positive effect on economic growth, but economic growth also has a positive effect on innovation (Galindo & Méndez-Picazo, 2013). The improved economic situation increases the opportunities for firms to sell their products, thereby improving their financial situation and their scope for investing in innovation activities. Consequently, there are many gains to be achieved from improving the level of innovation irrespective of looking at the level of a person, firm or country.

In Denmark the government believes that the public sector is capable of being innovative, but at the same time that there is room for improvement. Consequently, a ministry for public innovation was created as a part of the cabinet reshuffle in December 2016 when the Conservative Party and Liberal Alliance entered the government.

Sophie Løhde, the new Minister of Public Innovation, was given the objective of getting more value and welfare out of the taxpayers' money.

To that aim she received control and responsibility for the modernization, renewal, efficiency improvement, digitalization and IT of the public sector as well as collective bargaining with the public sector employees (Finansministeriet oplittet, men innovationsminister skal kæmpe for indflydelsen, 2016).

As part of the modernization and efficiency improvement, she pointed out simplification of the rules the municipalities as an area, which could help save time for employees and money for the public sector.

Improvement of leadership and facilitating the diffusion of innovation within the public sector were other areas specifically selected for improvement.

### Factors influencing innovativeness

Researchers have identified innovativeness as a major contributor to growth, and naturally much research have been undertaken to detect the factors, which help organizations improve in this aspect.

Most researchers study and analyse private companies rather than public institutions, and consequently it is possible some of the premises upon which the theories and suggestions are built do not hold for public organizations.

The next section will investigate the factors that have been found to improve the innovativeness of companies. The factors include both factors at the firm level and at the individual level.

Entrepreneurship and innovativeness are closely related, and in the following it will be shown how traits associated with entrepreneurship to a degree also will be qualities possessed by innovative companies.

### **Risk-taking**

Doing something new is inherent in innovating, and by doing something new, a given company faces a certain level of risk. To succeed in innovating, a company therefore needs to be willing to take risks (García-Granero et al. 2015).

There can be many ways to promote a risk-taking culture. Among them is creating a culture of trust, which is positively correlated with risk-taking (Moon, 1999). If a high level of trust is present in an organization employees are probably more open to share information and feel confident that they will receive support if they undertake a risky endeavour.

Having a clear mission can also promote risk-taking within an organization (Moon, 1999), as it is likely that there is consensus within the organization instead of conflict. This makes excessive control mechanisms redundant and eases the obstacles faced by organizational members.

Rewarding good performances and having a high level of autonomy also contributes to a risk-taking culture (Bozeman and Kingsley, 1998).

### **Hierarchy**

How a company is structured will have a significant effect on its innovative potential. A strict hierarchy with many layers is considered to inhibit creative and innovative potential (Damanpour, 1991). A very centralized organization will have concentrated

decision-making power at few individuals. Top managers in a centralized organization will tend to show risk-taking behaviour while the average employee will take more risks in a decentralized organization compared to a centralized organization (Moon, 1999).

Many innovations stem from employees interacting with customers, who at times complain about a feature of a product, and thereby pinpoint areas that need improving. After having received information about a unmet customer need, the company should ideally start researching how to address the need. However, if there is too many layers in the company, badly functioning communication channels, and the people dealing with customers have little decision-making power, then a lot of valuable information will get lost (Moon, 1999; Covin and Slevin, 1991).

A very centralized organization will develop higher levels of formalization, and thereby extensive rules and regulations, so they can maintain control over the employees in the organization. Low levels of formalization – which is defined as “*the extent to which rules, procedures, instructions, and communications are written*” (Pugh et al. 1968) – have been found to promote innovativeness (Damanpour 1991).

Insistence on rules and procedures constrains creative and new ideas, and instead generate a risk-averse culture. Low formalization will result in a more flexible environment with more room for experimentation, that usually is a prerequisite for an innovation. Even if company rules do not forbid certain risk-taking and/or creative behaviour, the very existence of the rules will likely delay the execution of an idea or perhaps completely discourage an individual of pursuing a project, if the rules and procedures are perceived as very cumbersome (Moon 1999). In general, higher levels of formalization will also result in employees spending more time on issues unrelated to their core tasks, but instead spend it on procedures to verify that they are working within the limits set by the managers.

Studies have shown organizational size to be negatively correlated with innovation. Mainly because large organizations – compared to small organizations – typically exhibits higher levels of formalization and centralization. Large companies usually have more layers within its hierarchy, which slows down the communication and feedback within the organization. Large companies usually have more extensive rules and regulations as well.

However, large companies typically have more slack resources, which are positively correlated with innovation (Damanpour 1991).

The more slack resources available, the more room for failure there is, and thereby better possibilities of undertaking risky endeavours.

### **Professionalism**

Professionalism is positively correlated with innovativeness (Damanpour, 1991; Kimberly & Evanisko 1981). The reasoning is straightforward: if a company has many employees who are specialized in a given field, these will know a lot about the field, better understand the links between relevant variables, and also be better at estimating risk and uncertainties. Furthermore, they are expected to be able to envision superior products as a result of their higher expertise.

### **External communication**

External communication is defined as an organization's ability to be in contact with and scan its environment, and it is also positively correlated with innovativeness (Damanpour, 1991). When organizations communicate externally, its members, for instance, participates in conferences with other experts in a given field. Such events can provide inspiration for new products and processes or it can help the leaders and employees gauge the level of competition they are up against in the industry. Especially for a rather risk-averse or conservative firm, an analysis of its competitive environment can provoke innovativeness by opening the eyes of the company's leadership to the challenges posed by rivals (Miller & Friesen 1982). If their rivals are successfully engaging in new product development, then the company will often feel obliged to engage in new product development too, and thereby raising its level of innovativeness.

Related to the effects of external communication on innovation, studies have found the probability of being an entrepreneur to increase with the number of different job roles a person works in during his or career (Lazear 2005).

### **Competition**

Competition has been found to increase innovation (Correa & Ornaghi, 2014). Studies showed patents, labour productivity and total factor productivity to increase in more

competitive industries than in industries where the market power was more concentrated.

Competitive pressure is believed to incentivize companies to increase investment on R&D and other activities related to innovations.

When companies experience little pressure from rivalling companies, they have been found to focus less on fortifying their status (Steinmetz, 2014).

Steinmetz found that R&D efforts decrease with the size of the lead, that the leading company in a given industry held in an industry over their competitors. When a company launch an innovation in an industry, at times it changes the structure of the industry. This will often lead the competitors to adjust their operations and introduce changes themselves as a way of adapting to the new structure. Another view of these mechanisms is that companies give in to mimetic isomorphism (DiMaggio & Powell, 1983). In other words, companies imitate successful rivals, and if their rivals are successful due to newly launched innovative products or processes, they will try to imitate these companies in the hope of attaining success themselves.

### **Internal communication**

Like external communication, internal communication correlates positively with innovation (Damanpour, 1991). The logic for this is similar to the logic of external communication and to the logic of a strict hierarchy not promoting innovativeness. Valuable information can be retrieved by all kinds of employees of an organization, and likewise ideas can be conceived of in different sub-units of a company, while perspectives differ from unit to unit.

A front-line worker receiving feedback from a customer might not have the technical background making him able to specify how to optimize a product, but if he passes the information on, the company's engineers can attempt to devise a solution. However, before the engineers commence this work, they possibly need to be granted additional resources by top management to undertake what could be labelled as a risky endeavour. Later on the marketing unit can pitch in with ideas for the product that can make it easier to sell. In short, it is the sharing of useful information, the different perspectives

applied to promising ideas and the financial backing needed to make products come into fruition, that are the main reasons for a high level of internal communication increases innovativeness within a organization.

### **Ambiguity**

Mission clarity was previously described as being helpful for promoting innovativeness. However other studies have found strategic ambiguity to promote innovativeness (Davenport & Leitch, 2007). The logic is that ambiguity provides space for new interpretations of the problems at hand to emerge, which can result in more creative and valuable solutions than if a clear objective was set from the beginning.

One might speculate that it depends on the stage of innovation the organization finds itself in. At the more exploratory stages in the innovation process, ambiguity and more leeway may be preferred, while a clear mission and objective will be preferable in the exploitative stage of the innovation process (Stetler & Magnusson, 2015).

### **Characteristics of the public sector**

The public and the private sector vary on certain important parameters such as autonomy, accountability and incentives, which influences the structures of the organizations. This, in turn, means that the public sector organizations cannot blindly follow the advice resulting from research on private sector companies.

In this section the main differences of public sector organizations and private sector companies will be drawn up. Organizations in both the private and public sector differ a lot in size and structure as well as on other parameters. Therefore, there might be some public sector organizations, which resemble private companies more than the archetypical public sector organization.

In general, what are deemed, as of public value are the services, actions, facilities and so on, that the public defines as suitable for the state should undertake (Kelly et al. 2002). However, it can be very complicated to detect which services the population wants the

state to deliver. While political elections provide a measure of the population's desire for public services, it is far from a perfect yardstick. The unclear link between desire and delivery is one of the main differences between the public and private sector.

In the private sector, value can be seen directly by the customers' purchases of a company's products. While customers pay for the products directly with money, citizens in a country pay a specified amount of their income in taxes, but generally do not have much to say about how that money is spent.

Naturally, the citizens wish for the government to be as effective as possible. Two types of efficiency are acknowledged with regards to government resources: allocative and technical efficiency (Kelly et al. 2002).

While allocative efficiency is concerned with whether the right things are being done, technical efficiency is concerned with whether things are done in the right way.

Measuring the public sector organizations can be very difficult due to them having multiple objectives, which at times are conflicting, and because they lack the single bottom-line present in private companies.

It has been suggested that when public organizations have ambiguous and/or multiple goals and objectives, or the goals are regularly changed, they will have trouble identifying how inputs relates to output (Gretschmann, 1991). Consequently, it is more difficult to evaluate the impact of innovations.

At large, the public sector organizations lack the competitive pressure that private companies face from competitors. Although more and more services are being outsourced, a large part of government activities are without competition from private companies. This gives citizens very few alternatives, though they do have a choice in selecting, for instance, a nursing home or school.

Even though the public organizations do not face competition from private companies, it is likely that the various agencies, departments, sub-units of organizations and so on are fighting for an increase in resources (Miles & Røste, 2005). But if the decision process of granting the resources is very political and influenced by the successful lobbying of interest groups, then the most resources will not necessarily go to the most efficient or best-performing institution. Instead, additional resources might be allocated to the



worst performing organization because they appear to have the greatest need for more resources.

Citizens have also proved to care a lot about equity and fair processes being conducted in the public sector. A study showed 79% of people to agree with the notion that “public services should be targeted at those with greatest need”(Kelly et al. 2002).

Furthermore, 66% of respondents saw themselves as citizens or members of the public in their relation to the state, while 30% viewed themselves as customers. The term customer is understood to imply an individual relationship to an organization, whereby the person’s only concern is him/herself. Citizen and member of the public are on the contrary assumed to a level of solidarity and concern for fellow citizens (Kelly et al. 2002). However, a desire for everybody to be treated to be fair and equally could end up with a too strong emphasis on equal treatment. Meaning that customized services are hard to develop and justify or else the providers of such a service risk being accused of unequal treatment.

### **Citizens’ own responsibility for achieving desired outcomes**

The citizens are very much active participants in the service or determinant of the outcome in various areas that the public sector provides services in. For instance, the state might build the finest state-of-the-art hospitals with all the newest equipment and hire the most competent doctors, but if the citizens do not live healthy lives and follow medical advice, then the state are quite constrained in delivering a satisfactory outcome. Similar mechanisms are present in education and crime, where the participants themselves are major factors in achieving a pleasing outcome. Here, the role of norms plays a key role. Shaping the population’s norms in a positive manner and thereby changing their behaviour, will have a huge influence on achieving desired outcomes of low crime rates, low obesity and high education levels. However, shaping people’s norms and behaviour tend to be a very lengthy and complicated process.

### **Conflicting stakeholders and ambiguity**

Public institutions presumably face more diversity among its stakeholders than private companies face among their shareholders. While shareholders generally are primarily concerned with a return on their investment, the stakeholders of public institutions in many cases hold very opposing views, which at times are rooted in fundamental disagreements. Balancing these conflicting views and reaching an outcome desirable for all can be very challenging. Additionally, public sector stakeholders may also want to be involved in the decision-making, and the public institutions might be inclined to let them as a way of achieving legitimacy. Another unfavourable consequence of the a desire for legitimacy and transparency is opening up the decision process so much that it is prolonged and the final decisions become harder to implement. When the decision processes are open to the public, stakeholders can form coalitions to propagate their view on the issue at hand. This can lead to long and complex negotiations, and if the decision ends up being very contentious, it will likely complicate its implementation. The desire for openness and the threat of coalition building against a proposal might lead a public sector organization to communicate in an ambiguous manner, or give different messages according to who they are communicating with, as way of pleasing all sides and not repel anyone (Leitch and Motion, 1999). The implementation might be abandoned altogether, if there is a change in leadership, which could be the case in private companies, too. But in the case that appointments of leaders are political a change of leadership in a public institution might matter more, since the diversity of views is probably larger between a social democrat and a conservative than between two leaders in a private company.

### **Autonomy**

The involvement of stakeholders has positive aspects as well. It will lead to the discovery of the needs and worries of the stakeholders, and can give a more nuanced picture of the effects of introducing a proposed change. The stakeholders can take many forms such as citizens and interest organizations.

However, it can also be other public institutions. The linkage with other organizations and the reduction of autonomy is one of the ways public institutions differ from private companies, it increases red tape and hinders risk-taking and innovative activities to play

out (Bozeman, 1993). One of the ways is the control public institutions exert over other public institutions. The control measures can be in the form of regulation. Unnecessary regulations and other bureaucratic measures frequently get condemned for posing an obstacle to innovation and for making public sector employees to spend too much time control measures than on taking care of patients, children and so on.

However, regulations can prove to be a catalyst for innovations. Studies have showed “fulfilling new regulations” to be a major cause for innovative activities (Bloch & Bugge, 2013).

Public sector employees such as doctors, teachers, child-care workers and other are presumably more defined by their profession than by the organization they work for, and these types of professional groups play significant roles for the organizations and their possibilities for changing the structure, objectives and so on.

Trust is one of the main sources of public value, and its importance can be detected in a survey studying the qualities that the citizens preferred public leaders to have (Kelly et al. 2002). Being honest, trustworthy and a good communicator were ranked as the top three, and above competent. Both integrity and high moral standards were listed above professional efficient. In short, public leaders who are deemed capable of securing a fair and equitable outcome are rated higher than professional and efficient leaders.

Risky behaviour is less desired and also less rewarded in the public sector than in the private sector (Özcan & Reichstein, 2009).

Salaries for leaders in the public sector are lower than in the private sector and less based on performance (Özcan & Reichstein, 2009). Therefore, public managers are inclined to emphasize a stable and equitable service more than creative and innovative solutions. Another reason for that is the media’s focus on negative stories rather than success stories. Additionally, the managers often have less autonomy than their private sector counterparts, and are more constrained by regulations in the pursuit of their objectives. Budgets are more fixed, so that resources not spent in one year are not carried over to the next year, but instead “lost.” In some cases it might even be assumed that if a public institution can provide the required services for less resources than

budgeted, then they do not need the “extra” resources next year, and will therefore be deducted these resources (Borins, 2001).

### Garbage can theory

In this section the garbage can model of organizational choice will be described and it will be explained why the model is applied in analysing the two case organizations.

Traditionally theories presuppose that organizations take rational choices based on rational decision processes where values and goals are established and agreed upon before a choice is taken. These presuppositions are often violated, and especially in public sector organizations (Cohen et al. 1972).

An ideal and rational decision process would entail the detection of a problem that causes a choice opportunity to be created. The root and causes of the problem would then be analysed, and alternative solutions would be suggested. In this process, the pros and cons of the solutions would be put forward. How they deal with the characteristics of the problem, and how the solutions might lead to undesired outcomes in other areas. This is made easy since precise rules are agreed upon which valid comparisons can be made of the alternatives.

The decision-makers would then examine which solution corresponds best with the organization’s values and objectives, and thereby maximize a given utility function. An assumption of the rational decision model is that the values and objectives are established beforehand.

This model equals more or less the *rational decision (entrepreneurial) model*.

However, even though it is rational, it is not always the preferred model.

Another decision model, which suits some circumstances, better is the *conflict resolution (coalition-bargaining) model*.

Here the organizations are populated with rational individuals, but a consensus on values and objectives are not widely agreed upon.

Therefore, the individuals form groups with likeminded persons, and try to force through their agenda. To reach their goal they must bargain with the opposite groups who claim the objectives should be different and that the organization's resources should be used in another field. It is entirely plausible that organizations at times reach decisions in a very linear and rational manner. However, it is also very likely at least one of these assumptions are violated by organizations. Choices made are often not completely deliberate, and owe more to timing, coincidences in who participates in the decision process and to changes in the external environment than outsiders might believe.

The existence of ambiguities in one shape or another heightens the probability of garbage can decision-making.

One kind of ambiguity is that of intention, meaning that organizations do not have consistent and defined objectives. Thereby, clear decision rules and linking means to ends become hard, which complicate a rational decision-making process.

The second cause of ambiguity is that of understanding. Organizations facing the ambiguity of understanding reside in environments that are hard to interpret and in which the technologies are unclear. This complicates assessing how the company's actions affect its own situation and the environment it resides in. This also makes it difficult to construct means-end analysis and reach decisions in a strictly rational fashion. Therefore more subjective matters take on greater importance.

The third ambiguity is that of history. Actions and events from the past are not easy to understand and interpret in a consistent manner across the whole organization. Various reasons for why and how things happened are offered. This too blurs the picture and makes rational decision making difficult to perform.

The fourth ambiguity is that of organization and is related to attention. Employees of an organization do not uniformly attend to decisions. Various factors can explain why an employee spends time on a given decision and not on another decision. As a result of the fluid participation, the conclusions of decisions vary and so too does the interpretation of these decisions.

Cohen et al. believe ambiguity is especially prevalent in public and educational organizations as well as many young organizations and organizations in changing environments (Cohen et al. 1972).

In garbage can decision-making decisions are to a larger degree the product of how four streams (problems, solutions, participants and choice opportunities) flow together.

The first stream is problems. These are issues that the decision-makers need to deal with and they can take various forms.

A defect found in a company's product could constitute a problem and necessitate action. A flawed organizational design could also constitute a problem and force a change in the company.

The second stream is solutions. A solution is not necessarily the product after careful analysis of a given problems resulting from the weighing of pros and cons of different alternatives. A solution can also be a proposal persistently suggested by a member of an organization. In other words, the solutions do not always come after the detection of a problem. An organization does not need to know it has a problem, before an external actor contact them and offer them a solution (i.e. their product).

The third stream is participants. The garbage can theory puts great emphasis on participants potentially having many different claims on their time and attention. It alludes to that the participants in a given decision-making process can vary a lot depending on which other arenas the participants are able to enter and which demand their attention.

The fourth stream is choice opportunities, and is the instances when organizations make decisions. These instances happen frequently and can also take such various forms as the hiring and firing of employees, signing partnerships agreement, and restructuring the organization.

However, at times choice opportunities are not solely connected with the problem at hand. They can also attract issues that are not related to the discussed topic. Generally, the longer time a choice opportunity remains open, the more problems will be attached to the situation and the more participants will join, which further complicates the decision-making. It increases the likelihood of a postponement of decisions.

How these four streams confluence owe a lot to timing, and how much timing matters is among other things dependent on the access and decision structures of an organization.

The decision structure determines which organizational members may participate in the decision-making. There are three main types of decision structures, and most organizations show variations of these at different times and in different situations.

The first decision structure is called *unsegmented participation*. Here every member is able to partake in any active choice opportunity.

In a *hierarchical participation* structure important decision makers are able to take part in many choice opportunities, while less important decision makers are restricted to less important choices. Important choice opportunities are only open for important choice makers.

In a *specialized participation* structure organizational members specialize in specific types of choice opportunities, which they are able to join, while choice opportunities outside their specialty are closed for them.

The importance of timing increases in unsegmented participation structures, since they are open to everybody and the composition of the decision-makers can fluctuate a lot. If the values and objectives vary of the potential decision makers, the decision outcomes can vary accordingly.

In specialized and hierarchical decision structures the decision outcomes vary to a much lower degree. Here the access is more restricted and the selected decision makers' values and objectives are expected to vary much less. Therefore, the outcome varies less, but instead the time to reach a decision is expected to increase, if the decision-makers are active in other choice opportunities.

The access structures are equivalent to decision structures with problems and solutions replacing participants. Meaning that all problems and solutions have access to any active choice opportunity in an unsegmented access structure.

Likewise, important choice opportunities are only accessible to important problems and solutions, and thereby restricting the access of less important problems and solutions. These are only able to access less important choice opportunities, which however are

still open to important solutions and problems. Similarly, a specialized access structure entails choices specializing in a certain kind of problems, which they are open to, just as participants specialize in a certain kind of problems.

In the garbage can model, decisions can be made in three different ways: oversight, flight and resolution. The outcomes vary a lot depending on which manner a decision is reached.

Decision by resolution is what is usually implied in rational decision models. Here decision-makers reach a decision some time after started working on a problem, and the choice they make solves the problem. But the time taken to reach a decision and solve the problem can differ a lot depending on the number of problems active in the organization and the importance of the problem at hand.

Choices can also be made in vastly different manners, which might sound very peculiar to rational people and at odds with typical decision-making models.

In decision by oversight, choices are made quickly without spending much time considering alternatives and other problems within the organization. Consequently, it is far from certain that a decision made in this manner will solve a given problem.

In decision by flight, it is assumed that: *"choices are associated with problems (unsuccessfully) for some time until a choice "more attractive" to the problems comes along. The problems leave the choice, and thereby make it possible to make the decision. The decision resolves no problems (they having now attached themselves to a new choice)."*(March & Olsen p. 33, 1976).

Time and timing are emphasised as key elements of garbage can decision-making, and one aspect of this is concerned with load autonomy.

If an organization is at 100% load autonomy then it decreases the importance of the external environment, but at the same time increases the importance of the internal environment. All problems must be dealt with within a specified amount of time. If a problem appears to demand more time, then a decision will have to be made at a later date, if it is impossible to reallocate decision-makers from other choice opportunities. When the decision-makers become overloaded, they will to a larger degree only take decisions when it is required of them by deadlines, for instance.



When decision-makers have less time available because they are burdened with too many problems, decisions will to a larger degree be taken either by flight or oversight. Since the load on the organization can vary, then how much time is spent on problems can vary a lot. This influences whether decisions are made by flight, oversight or resolution, and how likely it is that problems are resolved.

Decision-making by flight or oversight should not be found in the rational organization under ideal circumstances.

Various circumstances can lead to it nonetheless. Routine issues of little importance will rarely command much attention and will likely be decided by flight or oversight.

When an organization is burdened by a lot of problems at the same time, which have pending deadlines, then the organization will have difficulties reaching decisions by resolution. Or when the four types of ambiguities are present, then the objectives of the participants will in many cases differ, and this hinders the application of the rational decision (entrepreneurial) model.

The mentioned properties are believed to be more prevalent in educational, public and illegitimate organizations, and consequently it is fitting to analyse the two case organizations through the lens of the garbage can model.

Decision time is also an important aspect, since the longer a choice opportunity remains open, the more issues will be deemed relevant for the choice opportunity. Additionally, the longer it takes to make a decision, the more participants will be able to join the choice opportunity. With more participants and more issues involved in the process, it will become more complicated to reach a decision, and this will lengthen the process further, and increases the chances of a postponement of a decision, unless there is a deadline.

In organizations with many choice opportunities, it will be easier to restrict the access of issues to only those that are very relevant, which will keep the length of the decision process short.

Two other key elements of the garbage can model are those of problem activity and problem latency.

The problem activity shows many problems are active inside the organization. When problems do not get resolved they remain active. When many decisions are reached by flight or oversight, the chances of problems remaining active increase. So too does the chances when a high level of conflict is present in an organization. With a high degree of conflict, it is likely that there are not consensus on values and objectives making the rational decision process harder to attain.

Problem latency refers to problems, which are active inside the organization, but not widely perceived as an important problem. Therefore, they are not part of choice opportunities and choices are not made with regards to them.

## Methodology

This chapter will outline the methods used and why they are appropriate for achieving the aim of the study.

The main topics of this thesis are innovation and organizational processes in the form of garbage can decision-making. Innovation in the private sector has been extensively studied and attracted interests from scholars of many diverse fields. This study aims to analyse organizational processes of public institutions and via the findings determine the implications for the innovative potential of public sector organizations. The organizational processes and environment will be investigated through a lens of the garbage can theory. This theory was developed on the basis of public institutions and is therefore appropriate to apply in this context. The garbage can theory has not been widely used, and in particular in terms of its implications for innovation. Consequently, an explorative research is conducted to obtain more knowledge about the prevalence of garbage can decision-making within the public sector (Blumberg, Schindler & Cooper, 2008)

### Inductive approach

While a deductive approach is concerned with testing theory, an inductive approach is concerned with building theory (Saunders, Lewis & Thornhill, 2009). The deductive approach is widely used within the natural sciences, and in this approach the theory is tested rigidly. The process is from the general to the specific, and this is a weak spot of the approach according to proponents of the inductive approach. According to them discovering a cause-effect relationship between two variables are less valuable without a deeper understanding (Saunders, Lewis & Thornhill, 2009). For a part of the analysis I applied existing innovation literature to the examined organizational characteristics to infer about the organizations' innovativeness. This is in line with a deductive approach where conclusions are deduced from premises. For instance, when three factors correlate positively with innovation, then an organization that scores high on these three factors will be innovative, unless they also score high on factors, which correlate negatively with innovativeness.

In the inductive approach one goes from the specific to the general, and therefore this approach is very appropriate for case studies. The specific context is important in case studies and the inductive approach.

Researchers following the inductive approach typically use qualitative data and various methods to obtain these data (Easterby-Smith et al. 2008). As I have in my thesis. The inductive method places an importance on learning about the meanings people attach to events and concepts (Saunders, Lewis & Thornhill, 2009).

### Case study

Case studies are today used in many diverse fields, and it was also selected for this thesis. Case studies are especially suitable when investigating complex social phenomena (Yin, 2014).

The application of a case study *“allows investigators to focus on a “case” and retain a holistic and real-world perspective”* (Yin, 2014).

The garbage can theory stresses the importance of a confluence of streams, timing, the external environment, etc., and this creates a complex picture. Such a complex picture fit well together with an in-depth analysis.

The main critique of case studies is that they lack generalizability. An in-depth analysis of an organization taking into consideration the complexities of the organization itself and its environment might become too specific and irrelevant for other organizations.

Having a theoretical perspective when conducting a case study is very useful, when the findings are to be generalized later on. In general, quantitative research seeks to generalize in the form of statistical generalization, while case studies seek to generalize in the form of analytical generalization (Yin, 2014). The objective in case studies and in this thesis is to expand and generalize theories.

In short, the garbage can model is underused, but it is appropriate for studies of public institutions, and understanding their organizational processes within these public

institutions could help explain any restriction of their innovative potential. Thereby the use of the theory will be expanded.

Two case studies were chosen for this study. The replication logic is central for multiple-case studies, and it can come in two variations: *literal replication* and *theoretical replication* (Yin, 2014). While similar results are anticipated in a literal replication, divergent results are anticipated in theoretical replication, but for expected reasons. A mix of literal replication and theoretical replication were used in this study. Similar results in aspects pertaining to legitimacy and autonomy were expected as a result of both organizations being public institutions. On the other hand, the difference in size, objectives, relation to state politics, professionalism, etc. meant that the organizational processes and decision-making would not overlap completely. Gentofte Municipality was chosen as a representative of the municipalities and regions, which are responsible for 64% of total public expenses, and improving innovativeness in municipal and regional institutions could therefore contribute tremendously to cost savings in the Danish public sector. Furthermore, co-production (of public services) are rising in importance around Denmark, and Gentofte has gone the furthest regarding inclusion of citizens in the political work.

The Danish Defence was chosen as it is a large organization heavily influenced by state politicians, and it is of interest to investigate how the political context impacts on decision-making regarding in such organizations. In the case of the Defence, the politicians were directly involved in the decision-process.

### Secondary data

It was not possible to gain access to any public institutions, and secondary data forms the basis of empirical material for this thesis consequently.

This thesis relies on public data sources that are in the form of reports, publications, legislative measures, interviews and articles. The first priority was to conduct my own interviews and thereby obtain primary data, but this proved impossible. However, considering the researched topics and the general unapproachableness shown by the institutions, the quality of the potential data gathered might have been sub-optimal.

Innovation is a concept with almost exclusively positive connotations, and any respondents could therefore be inclined to portray their own and their organization's actions in a better light.

Secondary data is data that has already been recorded by other people, and for that reason it is less time-consuming for the researcher to use. The time available for the thesis process is limited, and when investigating situations and events within organizations, it negatively affects the potential quality and quantity of primary data.

Because the two case studies deal mainly with restructuring processes that happened in the past, it is highly likely that any interviewee's recollection of the experiences would be tainted by a memory bias. By using secondary data that investigated the matters while the processes were underway, the danger of memory bias is significantly reduced.

Furthermore, in the case of Gentofte Municipality two social sciences professors conducted the interviews, and the interviews took place during a period of more than a year and involved many different people such as politicians, volunteers and civil servants. By relying on secondary data I avoid biasing the research with my theoretical perspective. However, secondary data has its limitations and downsides.

Secondary data is usually conducted with another purpose in mind, and this limits its applicability to my studies (Saunders, Lewis and Thornhill 2009.) Consequently, there are elements of the garbage can model and the applied innovation theories, which could not be illustrated.

Furthermore, the many sources might all have diverse motives for speaking, writing, etc. the way they have done.

Both of these factors increase the importance of examining a wide range of sources to avoid any major biases.

## Findings

This section contains the two case studies: the restructuring of the Municipality of Gentofte and the restructuring of the Danish Defence. Here I will analyse the decision-making processes by applying the garbage can theory to the cases. By using this theory I will gain insights to the organizational processes present in the organizations. This will then give indications on various factors that researchers have found to correlate with innovativeness. Consequently, these factors and their influence of the organizations' innovative potential will be analysed.

### Municipality of Gentofte

The first case will investigate the restructuring of the political committees in the Municipality of Gentofte. The major change is the inclusion of citizens on task committees, and these committees are made an integral part of the policy work in Gentofte. While other municipalities establishes § 17, section 4-committees, as the committees are also called, they do not play a role as big as they do in Gentofte.

### Background for restructuring

The Danish law stipulates that the municipality, under the supervision of the state, has the right to govern as they see fit. However it is up to the Danish parliament, Folketinget, to decide which tasks and services the municipalities have to provide their citizens (Indenrigsministeriet, n.d.) This places the municipalities under pressure from above. If they do not meet their obligations in a satisfactory manner and at reasonable costs, the parliament might take away some of the municipalities' tasks or place larger financial constraints on them. The state politicians also influence the work at the municipalities by forming the rules and legislation the local politicians has to follow.

Additionally, since the state politicians are largely held responsible by the electorate for any given failure happening around the Danish municipalities, they make their opinion clear in high-profile cases in the media, which can put the local politicians under significant pressure. The state politicians and the Ministry of Finance in particular also

hold significant power over the municipalities. The Budget Law passed in 2012 gives the state politicians the control over the maximum amount of money the municipalities may spend each year over a four-year period on service expenses (Økonomi- og Indenrigsministeriet, n.d.). Failing to stay within the limits set by Folketinget, will result in financial sanctions. All municipalities structure the political work by establishing committees who have the responsibility of a given area. Each of the elected politicians participates in at least one of these committees, which they specialize in.

The committees are tasked with detecting fields which need improvement, and they are responsible for making sure that the policies, plans, and so on initiated by the municipal council are being evaluated and kept tabs on (Gentofte Kommune, n.d.).

However the specialization might cause a silo mentality to develop. For instance, the Health Committee is meant to take the implications on the Children and School area, the Social area and the other sectors into consideration, when developing their policy proposals, the main objection of detractors of this specialization is that the members of the committees become too attached to their field of responsibility and lose sight of the other fields.

Municipalities have certain degrees of freedom as to how they want to organize the committees with variations being in areas such as the numbers of them, how often they meet, and what they shall govern. There are also significant variations in how committees conduct their work, and how early the municipal politicians get involved in the process. One might say that politics is a question/matter of priorities, and in this context, there are, according to the two Danish social scientists Ulrik Kjær and Niels Opstrup five main parameters the city councils have to balance:

1) *What shall the politicians dedicate their time to?*

Specific political problems on which they need to make a decision or the drawing up of a general political direction and visions. In other words, decisions vs. vision.

2) *How many politicians shall participate?*

Many to make sure there is broad representation or few to secure political leadership?

In other words it is a question of representation vs. leadership.



### 3) *When shall the local politicians contribute?*

When there are various concrete alternative proposals to choose/prioritize between, or when politics have to be formulated and developed?

In short, a question of prioritization vs. policy development.

### 4) *How shall the work be structured?*

Through division of labour and thematic specialization or by prioritizing cross-sectoral thinking and coordination? In short, specialization vs. coordination.

### 5) *Who shall the politicians collaborate with?*

With each other, so it is the politicians who work, and by doing so give the voters the opportunity to hold the politicians responsible at the following election, or also with other such as external actors which can participate in networks? I.e., the opportunity to hold responsible vs. involvement. (Kjær & Opstrup, 2016).

There are ways within the laws and regulations to counter the problem of silo mentality. One is to add committees with a traversing focus, and another is to establish the so-called § 17 section 4-committees, which can include external actors who might have a broader view of the field. The idea of engaging the local citizens in a more involving way is becoming increasingly popular across Danish municipalities.

## **Gentofte Municipality**

The municipality of Gentofte is located on Zealand just north of the capital of Denmark, Copenhagen. With 75.805 inhabitants according to the latest statistics (Gentofte Kommune, 2017), Gentofte Municipality is the 18<sup>th</sup> most populous municipality in Denmark. Today, the Conservative party holds an absolute majority in the municipal council. The current mayor has held office for 24 years and the Conservatives have led the municipality for more than a century.

### **Gentofte Municipality's organizational structure**

Like most municipalities, Gentofte Municipality is governed by rule by commission (*udvalgsstyre*), has a mayor who works full time for the municipalities as well as council members who do not work full-time at the municipality. On 1 August 2015, Gentofte

Municipality made §17 section 4-committees an integral part of its political structure from citizens and stricter control by the state. Gentofte Municipality had previous experience with § 17 section 4-committees (Sørensen & Torfing, 2015a). Before the restructuring, the municipal politicians primarily spent their time handling small, concrete cases and choosing between policy proposals ready-made by the administration. For many politicians this was not a satisfactory situation. Most of them are engaged in local politics because they are enthusiastic about certain key issues and want to solve them. Being relegated to deciding on minor issues, their enthusiasm was hard to maintain and it was difficult for the politicians to get acknowledged by the citizens. Further, citizens expect politicians to engage more in policy development than in dealing with small, concrete cases. The politicians hoped the restructuring could improve on these matters and hoped that the involvement of citizens on the committees would develop citizens' understanding of the decision-making and strengthen their commitment to help implementing the decisions.

Politicians also hoped that the new structure would increase the transparency by including citizens and by putting the processes of policy development and decision-making out in the open. Before 1 August 2015 citizens could voice their opinions at hearings, but at the time the hearing was held, the decision on a given subject was practically already taken, leaving very little room to manoeuvre and the citizens disgruntled. The politicians also hoped that the new structure could help reduce the problem of silo mentality. The politicians also hoped that the committees would improve the innovativeness present in the municipality and fit well into the "more for less" agenda set by the state government.

### **Empowering the citizens**

The municipal council remains in the new structure, and there the politicians still make the final decisions on the vision of the future and decide on which political objectives to pursue, and formulate the politics for the individual service areas.

The permanent standing committees also remain, but in a different form. In the new structure, they are meant to secure a cross-sectoral, coherent and long-term

development of their political areas through policy development and monitoring (Gentofte Kommune, n.d.). In the new structure, politicians spend more time on policy development on the task committees. Task committees are not permanent, but rather established for an identified purpose and they only last until the committee has finalised its suggestion. After the termination of a committee, time is freed up for a new committee. Committees consist of 5 politicians and 10 outside participants, whose background can vary a lot. Municipal administrative workers cannot serve on a committee. Time consumption was an important topic for the local politicians since they did not want to burden their often already heavy schedule with even more work. Consequently, time spent on the §17 section 4-committees would be deducted from other parts of the time set aside for their political work in the municipality (Sørensen, E. & Torfing, J. 2015a). The new task committees' objectives, timeframe and financial framework are specified in a brief agreed on by the municipal council, which to a degree limit the uncontrollability of the committees. However, this task often ends up at the desk of civil servants due to time pressure, which some might say is a democratic problem. Concurrently with the work in the task committees, progress is communicated to the civil servants and to the municipal councils, who are as a result not completely taken aback when the final proposals are presented. Civil servants figure out which parts of the provisional proposals in the task committees are "politically acceptable." It varies how committee members are found. In some instances, a targeted search lies behind, while in other instances, the creation of the committee is widely announced, and participants are invited to join. The municipal council makes the final decision on who should chair the committee.

A significant aspect of the new structure is that politicians join the process earlier, and play a more active part in the discussion about policy proposals compared to earlier.

### **The experiences of the new structure**

Although, politicians have been very happy in general with the new structure, there are some minor drawbacks. At times it can be cumbersome, and the broad cooperation between many different stakeholders can lead to sub-optimal solutions since consensus

is deemed very important, and politicians feel an obligation to implement the solutions provided by the task committees or else risk demotivating or alienating the outside participants. A more positive note about this matter is that the politicians have been good at looking more broadly and holistic at things and not just defending their own narrow interests. Interviews with participants show that the quality and dynamic varies a lot across committees, and depends on the members of a given committee. Some committee members have not gelled well together with each other on some committees, which is a risk inherent in the new structure when you do not know the participants very well beforehand. In general the feeling is positive about the work climate in the committees.

To sum up, the politicians saw a change of the political structure to the solution of problems such as the pressure from more state control, better-organized citizens, and the media. The financial pressure means that the municipalities must devise better solutions to save costs and meet the citizens' needs. By involving citizens and other external actors in the political process, it was hoped that more creative solutions would be conceived and that the implementation of the proposals would be more successful.

The inputs from citizens have been valuable in broadening the basis for the decision-making and for improving the citizens' understanding of the political process as well as helping the implementation of proposals along. Unfortunately, the hope of achieving very innovative solutions is yet to materialise. Still, the politicians feel a need to hold back, give the citizens a lot of room and to approve their solutions.

### **Garbage can elements**

Various elements of garbage can decision-making can be detected from the work at Gentofte Municipality and they will be analysed in this section.

### **Time issues**

It was made clear from the beginning that the politicians in the new structure should not be required to spend more time on the municipal obligations than before, thereby imposing a time constraint of the decision processes. The task committees were furthermore constrained by the brief, which set financial limits and a timeframe for the

work they could do solve their task. Since the time spent at task committee meetings, workshops and other activities are limited the committees were sensitive to unforeseen internal time demands such as difficulties in retrieving relevant information or the information being more complex than expected. When decision-makers become overloaded, the importance of easily available information increases (Cyert and March, 1963), and the potential for external groups to influence the decision increases.

These external groups could be interest organisations, any institution that the committees may visit as part of the process, or the municipal administration as is evident in this case. One of the characteristics of garbage can decision-making concerns the effect of a lack of time: *"the process is thoroughly and generally sensitive to variations in load. An increase in the net energy load on the system generally increases problem activity, decision maker activity, decision difficulty, and the uses of flight and oversight. Problems are less likely to be solved, decision makers are likely to shift from one problem to another more frequently, choices are likely to take longer to make and to be less likely to resolve problems."*(March & Olsen, 1976, p. 34.)

Due to the time constraints increased internal time load in the task committees will make decision-making harder and lengthier. Additionally, a heavy load increases the likelihood of reaching decisions by flight and oversight, and it decreases the likelihood of the choices made actually resolving the problems they were intended to deal with.

Another important aspect of the new structure with regards to time is that there is a limit to how many task committees each politician can participate in, and with 19 politicians, the average number of active committees is set around 8. Since a new task committee, in general, only can be established after the termination of an old committee, this increases the influence of timing. More important problems might not be dealt with, because a different problem (of less importance) was identified two months prior to the discovery of the more important problem.

Naturally, time is also an important factor for the citizens involved. Many of the participants have jobs, families and leisure time activities they like to spend their time

on, and the participation of the activities related to the task committees are not compulsory.

One might fear that the most qualified participants also have the most demanding jobs, and therefore the least time available to participate in committee activities. The different potential claims on time for the participants may vary a lot during the period because of factors unrelated to the task committees, and thereby influencing who participate in the decision process. As a result of that, the variance of the decision processes' outcomes vary, and perhaps not for the better in the case that the ones participating are the least qualified, but those with most time available.

Time is also an issue other places in the political system. It was previously described how a politician in one of the standing committees brings a lot of questions to each meeting, thereby taking up a lot of time and leaving little time for political and strategic discussions. While another politician expressed that due to time scarcity, the discussions about the proceedings in the task committees practically do not exist.

Proceedings are not always as one would hope in the standing committees, which now meets four times a year. For instance in the Social Committee, with one civil servant saying: *"Occasionally we do succeed in getting a good discussion in the Social Committee, but it is difficult to find the time for the forward-looking political discussions, and some of the politicians still want to dig deep into specific cases."* Further to that point one politician describes the negative influence of another politician by claiming that the person: *"brings 40 questions to each meeting, which takes up so much time that there is not time for the political and strategic discussions,"* (Sørensen, E. & Torfing, J. (2016b), p. 21) Another issue is that each committee holds meetings equally frequently, even though they have very different needs, while another issue is that the work in some committees is centred more around concrete cases, while others are more centred around political and strategic activities.

Lack of time is seemingly an issue with one politician saying: *"that time is so scarce due to other things, that the dialogue there should take place in the standing committees about the what's going on in the § 17 section 4-committees, practically do not exist, and that is a shame"* (Sørensen, E. & Torfing, J. 2016b, p. 25).

One interviewed administrator largely agreed with that sentiment commenting that: *“The continuous quarterly reporting to the standing committees does not really lead to anything, and there was actually raised an important questions by one of the politicians: “when do we get the opportunity to get to discuss politics in this field?”* (Sørensen & Torfing 2016b, p. 25).

However, in these matters a strict deadline is not set, and therefore the chances of a choice not being taken and thereby a higher problem latency is increased.

Alternatively, the administration could be expected to take on a larger responsibility, and this has been the case with regards to the composition of the briefs specifying the guidelines for the task committees.

Due to the time pressure the task of drawing up a brief has been delegated to the administration. Afterwards the politicians in the standing committees debate suggestions for the briefs.

Time is a major factor on the committees for a number of reasons, and they could negatively affect the outcomes of the work done there. The time limit imposed on the task committees make them more sensitive to internal build up of problems. If their task is more complex than expected, the duration of the process will be longer, since there is little scope for overtime work at the committees. Otherwise, the civil servants at the municipality will take on a central role, easily available information will become more prominent in the decision-making or external actors might be able to influence the work to a larger degree. Another possibilities include decisions reached by flight or oversight, and thereby decreasing the chances of the committees’ proposals actually solving the task they were established to handle.

### **Decision structures**

When competences are deemed very important, specialized structures will tend to emerge, while unsegmented structures will tend to emerge in egalitarian cultures (March & Olsen, 1976). Either way, the attention structures are attempts of achieving legitimacy. In the case of Gentofte Municipality, there is both a desire for the most qualified people and a desire to include people from as many layers of society as

possible to get more perspectives on the matters. As a result, the decision structure is mixed in the task committees. Involving citizens on committees gives politicians a broader basis for their decision-making: *“The politicians in the old structure did not receive enough inputs, and the idea was that they should only receive input from their political support base. Now they get more nuanced inputs from various sources, and this means, that they are capable of making better decisions”* (Sørensen, E. & Torfing, J. 2015b, p. 7.) Improving the basis on which the politicians make decisions was one of the objectives for the new structure. Before the restructuring, the politicians feared including citizens in political work, would risk dissemination of confidential information from meetings, and that this could cause disruptive rumours to spread in the local community.

At times, there is a targeted search after participants who are viewed as experts within a given field and very suitable for a given choice opportunity, i.e. a specialized decision structure. Other times, the search is broad and every citizen is invited to join the committee, i.e. an unsegmented decision structure. The upsides of the targeted search is the perceived higher quality and better fit of the participants found in that manner. However, by searching in a more focused manner there is an increased risk of ending up with a more narrow representation of the community, and it is less transparent.

This could pose a problem since the acceptance of plans and projects often hinge on people perceive the process leading to the plans and projects to be legitimate (March & Olsen, 1976). A result of a targeted search could be the inclusion of actors from interest organisations. Even though actors from interest organisations would be expected to be very knowledgeable about the topic of the task committee, they would join, the politicians in Gentofte were still anxious of their influence, since these actors might be more concerned with promoting their own (narrow) interests than the whole municipality's interests. This could also pose problems for the legitimacy of the process and thereby the content in the eyes of the public.

The outcome of a decision process is not expected to vary much in a specialized decision structure, when members are not participating, although the time taken to reach a decision is expected to increase.



In an unsegmented structure, many different people with perhaps very different opinions are able to participate in the decision process. Such structures are therefore more affected by participants missing meetings, since this can result in different compositions of the decision-making groups. As a consequence, external factors such as alternative choice opportunities for the committee members increase in importance.

The decision structures are generally a mix of unsegmented and specialized structures, because there is a desire to achieve legitimacy by involving citizens from as many layers of society as possible and because there is a desire for innovative solutions. The variability of the decision outcomes will increase the broader (instead of targeted) the search for members has been, and the less accurate the briefs are.

### **Fluid participation**

The continuous retention on the committees of the citizens was expected to be a challenge. Especially concerning people who have little experience with politics and with long meetings. As a result, the task committees are being given relatively free reins on how they want to structure their work.

These ways include workshops, focus groups and visits at different institutions.

It is hoped to improve the chances of keeping the participants motivated so they would continue showing up at the meetings and activities and keep contributing. In other words, they tried to lessen the variability of the decision outcomes by keeping the participation levels high.

Even if the participation level is kept high, the members might not have the time to prepare properly for the meetings. The work at the committee is no-one's primary occupation, and the members participate either because of they want to make a difference, or because they enjoy the work. While some committees worked great together, the chemistry lacked at other committees. Consequently, the pleasure that members get from participating on the committees should decrease, and so should their level of commitment too. Furthermore, choice opportunities elsewhere could tempt or force members to stay away from the committee activities.

## Legitimacy

One of the expected benefits of the new structure was a higher perceived legitimacy of the decisions reached by the committees. By involving citizens to a larger degree in the decision process, and by involving the politicians at an earlier stage than before, the decisions could be perceived as more legitimate.

Nevertheless, one politician saw it differently: *"We need a forum for political discussion of the things, that gets decided in the task committees. I am 100% in favour of involvement of citizens through the task committees, but that doesn't change that I believe I have a responsibility for political leadership and my own clear opinions about the things that get done. I need the possibility to discuss that with the other politicians, and then we must separately be held responsible by the voters at the next election,"* (Sørensen, E. & Torfing, J. 2016b, p. 30-31). By involving the citizens more diverse voices can be heard and broader interests taken into account in the decision-making, but the citizens do not have to face being held accountable by voters on election for any failed plan.

The lack of political discussions is exacerbated by the way the municipal council approaches the proposals presented by the task committees: *"When the task committee has decided something, and we have to discuss it in the municipal council, well then we can barely do anything other than approving it. But we should take the discussion, because that is exactly where, we have the basis for a proper political discussion."* (Sørensen & Torfing 2016b, p. 27). The political discussions have also been rare at the task committee meetings: *"I think it has been hard to figure out, what my role as politician is, because suddenly you invite someone in with the purpose of them voicing their opinion. Then you don't really know how much space you can allow yourself to take without dominating the picture. That is not the purpose, you know. So that balancing is difficult,"* (Sørensen & Torfing 2016b, p. 13.)

Not only is there a lack of political discussion at the meetings, the politicians are also finding it hard to find their feet, and are afraid of taking up too much time and space at the meetings. This presumably reduces the quantity and quality of the politicians' contributions to the committee. The politicians also indicated in the evaluations of the new structure, that they are wary of shooting down the citizens' suggestions for the fear of demotivating the citizens. As a result of that, the briefs specifying the task

committees' objectives, timeframe and financial frameworks take on a larger significance. Finding the right members and composition of the committees likewise become more important. The evaluations are proof of this being the case. The evaluation showed considerable variations in how well the various committees cooperated. In some cases it is attributed to the composition of the committee, when some people do not get along well with each other. This is bound to affect the quality of their work.

In general, the quality of the proposals devised by the task committees were not rated as being great and innovative as one could have hoped: One politician described it like this: *"I would say that 90% of what comes out of the committees do not bring so much new, but the last 10% are some really good new ideas,"* (Sørensen & Torfing, 2016b, p. 17). The popular support and the consequential legitimacy is therefore an important part, and may even take precedence over the quality of alternative plans.

To sum up, elements of the garbage can model such as unsegmented decision structures, a big desire for achieving legitimacy and thereby to an extent prioritizing the process over the product. Furthermore, timing was also showed to have a substantial influence in decision-making and in the problems being addressed.

These circumstances are a mix of the external environment, the constraints connected with being a public organization and also decisions freely taken by the municipality.

The decision-making processes give indications about how Gentofte Municipality is structured, and parameters found to be important in relation to innovation can therefore be assessed. This is the focus of the next section.

### **Innovativeness at Gentofte Municipality**

In this section, the new structure will be analysed in relation to how extant literature prescribe organizations to be organized according to aims of improving innovativeness.

#### **Risk-taking**

Risk-taking is a quality that improves innovativeness, but there is conflicting evidence for the presence of it in the Gentofte committees. A clear mission is correlated with a risk-taking culture, and clear missions are present on the task committees. This should

indicate little conflict and ensure that the members are agreeing on the direction forward. The mission clarity is provided by the brief that is composed by the municipal council. A high level of autonomy is correlated with higher levels of risk-taking, and in the case of the task committees they are free to conduct their activities the way they want, which indicates a high level of autonomy. On the other hand, the briefs are quite specific and the municipal civil servants are scanning the proposals to see whether they are politically acceptable or not. This definitely decreases autonomy, and it can be perceived as a show of mistrust.

A case of socially deprived kids' cruise ship trips also shows how state politicians and the population can interfere in municipal work. Even though the initiative met its objectives and at a low cost, the pressure from politicians and the population became too strong for the municipal directors in question to resist (DenOffentlige, 2017). It elucidates the point of multiple bottom lines and the point of process being very important. This will make any creative municipal director or civil servant think one extra time before they launch an uncharacteristic initiative, and this is bound to contribute to a culture of risk-averseness.

While the task committees have a high degree of freedom in planning their activities, the brief describes in detail the task they are to solve. Furthermore, the civil servants check up on the political acceptability of the plans in the committees, which also decreases the level of autonomy of the committees and indicates risk-averseness. Consequently, the level of risk-taking is considered to be rather low.

### **Centralization and formalization**

Consensus is deemed very important on the committees, which indicates a flat structure without power being concentrated at few individuals. This suggests that the committees are relatively decentralized, and this should improve the innovativeness.

Although the committees' proposals have to be politically acceptable and follow the rules and regulations as any other proposals, the committees do not appear to be burdened with having to follow a lot of procedures or rules beside that. On the contrary they have a quite wide scope for planning the activities they believe to be appropriate for their objectives. This should help foster creative ideas, because instead of sitting at

meetings and discussing with each other, they can visit institutions and companies who can help broaden their horizon and supply them with valuable input. This is one of the kinds of external communication, which has been found to increase innovativeness.

However, the competitive aspect of external communication is less relevant in the case of the task committees. The task committees are not directly competing with anybody, so a scan of the environment does not provide them with new information about any existing competitive pressure from rivals innovating.

Overall, the levels of formalization and centralization at the task committees are considered to be low due to the few written rules and procedures that must be adhered to, and because the emphasis on consensus dictates broad solutions to be reached.

### **Internal communication**

High levels of internal communication correlate positively with innovation, too, but it is hard to give a clear overview of this on the task committees. In studies, internal communication has been measured by number of committees in an organization, the frequency of meetings, number of contacts and the extent to which people share decisions (Damanpour, 1991). Although the number and frequency of the listed things are important factors, the quality of the meetings is certainly essential to how well the committees function and to the quality of the proposals they compose.

In the evaluations, it was explicitly stated that it is probably unwise to structure the committees' work in a way so that every committee meet as much as the others, even though their work varies tremendously. Furthermore, it was acknowledged that the composition of the committees had a substantial influence on how well the discussions unfolded. While members of some committees gelled well and were on the same wavelength, it was quite different on other committees. As a result of that, the cooperation and communication were said to vary a lot across the committees depending on the composition.

The politicians in the Municipality of Gentofte felt that there was a lack of political discussions in the new structure, and that they would like to have more of it, because they are to be held accountable on Election Day.

Accountability is not in the same way a concern for the outsiders on the task committees. Therefore, there is the potential that they can think more freely and come up with suggestions that the politicians perhaps would not envisage. This could increase innovativeness of the suggestions. However, it was previously mentioned how the civil servants screened the proposals to see if they were politically acceptable.

To sum up, it is hard to draw conclusions about the quality of internal communication for all task committees collectively, since it is so dependent on the composition of the committees and the task they are to fulfil. However, on the committees with good chemistry, the level is high due to the flexible structure, the chemistry, and the lack of pressure of accountability on the part of the citizens.

### **Professionalism and external communication**

In the cases that the municipal councils specifically target members, these members are expected to be very knowledgeable about the domain. Presumably, they are also well connected within the environment the task is related to.

For instance, if a task committee on digitalization is established, then a member, who joins the committee after a targeted search, might work at an IT company and consequently will know a lot about digitalization, and have good contacts within the field, which can be of great use. This would both improve the knowledge base of the committee and the external communication.

Although the politicians under the old structure also communicated with relevant citizens, institutions and companies, the politicians might lack the nous in a given field to see the whole picture.

Again, it is hard to conclude about the levels of professionalism and external communication of committees collectively. On committees consisting of members that have been found through a targeted search, the level of professionalism and external communication will be high. If the committees, for instance, also visit various institutions and conferences, it will also have a positive influence of the external communication. An indication of a general higher level of external communication the committees compared to the committees in the old structure, is that the evaluations showed the basis for decision-making has improved.

To sum up, the composition of the committees plays a major role in how they are rated on the aforementioned parameters. In general, the low levels of centralization and formalization contribute positively to innovativeness. As does the higher levels of professionalism, internal and external communication (on the well-functioning task committees). However, the low levels of risk-taking and autonomy severely negatively affect the implementation of any innovative proposal. This indicates that risk-taking and autonomy are very limiting factors for innovation. Because in spite of the high ratings on the other factors that contributed positively to innovativeness, the task committees' proposals was not considered to be very innovative.

### The restructuring of the Danish Defence

In the second case, which is about the restructuring of the Danish Defence, other aspects of garbage can decision-making will be illustrated.

While the restructuring at Gentofte Municipality did not get into the spotlight of the national media, the restructuring of the Danish defence certainly did. And the process might have cost the former Minister of Defence, Nick Hækkerup, his position and led to the demotion to the less prestigious Ministry of Commerce and Europe as part of a cabinet reshuffle (Arnfred, 2013).

As with many other political plans, there was not a single, rational reason behind the wish to restructure the defence. There were other motives as well, which encouraged the new government to go through with their plans.

The decision-making process will be analysed through the lens of the garbage can theory and characteristics of the Danish parliament in the context of the Danish Defence will be inferred. Finally, the innovation theories from the literary review will be used to analyse the organization's innovativeness.

#### **The first steps towards restructuring the Danish Defence**

When the center-left government consisting of the Social Democrats, the Social Liberal Party (De Radikale) and the Socialistic People's Party came to power in October 2011, their coalition agreement outlined a plan to restructure the defence. In the fall of 2011,

the Government commissioned a special working group to analyse the Defence's current structure, the challenges lying ahead in the years to come and how the current structure would fit with the environment, as well as suggesting a number of models that presumably would be more suitable for the new climate. The group consisted of members from the Ministry of Defence, The Prime Minister's Office, The Ministry of Finance, the Defence Command who shared their expertise, while Deloitte Consulting helped in compiling the report.

The mandate of the working group was to *"draw up potential models for a fundamentally changed structure of the Defence's leadership and evaluate these models in relation to the desire of a coordinated and efficient resource utilization and execution of tasks, including a further improvement of the financial management"* (Forsvarsministeriet, 2011)

### **The Defence's organization and objectives**

The mission of the Danish defence is to constitute a force, which promotes peace and security, ensure the sovereignty of Denmark and to promote a peaceful development around the world respecting the human rights (Forsvarsministeriet, 2001).

This means that the Danish military participate in missions in foreign countries, both in NATO and UN missions as well as endeavours within larger coalitions outside of NATO and UN.

Currently, Danish defence personnel are participating in assignments in Mali, Afghanistan, Kosovo and South Sudan as well as other countries.

The assignments vary and so too does the type of personnel stationed. For instance, in Afghanistan the Danish expatriates are educating Afghan security forces, while in South Sudan the Danes are protecting the civilians, and in Mali they are tasked with a transport assignment of different characters (Kort over opgaver, 2017)

The Minister of Defence is the highest authority within the Danish defence and determines the size, composition and the organization of the Danish military forces, including the army, navy and air force, and also the composition of these concerning international missions. However, he can delegate this responsibility to the Defence chief, who can then delegate parts of his responsibility for commanding his forces to superiors in the context of NATO missions (Forsvarsministeriet, 2001).



### **Conflicts between the political and military level**

The delegation of responsibility and authority between the political leadership of the defence and the military leadership of the defence was a core issue in the context of the restructuring, as it has often been over the years. Disagreements over the years have contributed to a relationship filled with conflict and mistrust between the military and political level of the Defence, and the disagreements have not been kept internally.

As far back as 2003 the two politicians from Venstre, Søren Gade, who later became Minister of Defence, and Troels Lund Poulsen, who has later headed various ministries, wrote in a debate book, that there existed an unhealthy competition between the Ministry of Defence and the defence leadership (Knudsen & Marker, 2012). On the other side, leading military figures have expressed sentiments of a crisis of confidence from the politicians towards the defence.

This negative relationship was probably another factor in the thinking behind the restructuring that would lead to a greater political control of the defence.

### **The new structure**

The proposed restructuring entailed the fusion of the Defence Command and the Ministry of Defence while establishing the Ministry of Defence as the highest authority, and the possibility to follow through with the restructuring was passed into law in May 2013 in a narrow settlement only supported by the Government itself and its parliamentary basis, the Unity List, which broke with the tradition of making broad settlements across the political spectrum in defence settlements.

Venstre opposed the settlement, and one of their main arguments against integrating the Defence Command and the Ministry of Defence is that it blurs the division of responsibilities, and *“the principle of arm’s length gets lost, which means that every time a soldier does something wrong any place in the world, it is matter for the minister. Therefore Venstre opposes a merger,”* said Gitte Lillelund Bech, member of the Defence committee at the time (Knudsen & Marker, 2012).

Little than a year later, in April 2014, in spite of Venstre’s opposition to the aforementioned integration, they agreed to exactly that and many other points in the

defence settlement. The settlement removed a whole layer of management and resulted in the sacking of many generals and officers (Søgaard Rohde, 2014).

The three military commands consisting of the army, navy and air force merged together as a result of the agreement. Furthermore, a significant number of job positions were moved from the Greater Copenhagen area to other places in Zealand and Jutland.

### **Cost savings**

In the text of the concluded agreement they did not hide the fact that an important factor behind the restructuring was a desire to reduce costs.

In the text it is stated that: *“It is the need to make the public sector more efficient among other things to sustain a healthy socio-economic development, that is the reason for the reduced budget. Denmark is in a time of economic challenges, and the parties behind the agreement believe that the Defence, as part of making the public economy work function well, also can and must contribute.”* (Forsvaret, 2014)

The pursuit of this agenda was also part of the defence settlement for the years 2013-2017, which was reached in November 2012 when the parties agreed to reduce the Defence’s budget by 2.5 billion Danish Kroner in 2015, 2.6 billion in 2016 and 2.7 billion in 2017 (Nyt forsvarsforlig udskyder lukningen af kaserner, 2012). In 2015 Denmark’s military expenses amounted to 19.569 billion Danish kroner, so a reduction of 2.5 billion Kroner is a fall in percent of 11.3%.

An agreement between the Government and the other parties behind the defence settlement for the years 2010-2014 about a merger of the Defence Command and the Ministry’s Department of Defence could not be reached at the time of the defence settlement in November 2012.

The merger, which was one of the most controversial aspects of the Government’s plans for the Defence, was expected to lead to cost savings of 30 million Danish Kroner by making 75 employees redundant (Jørgenssen, 2012.)

The employees could be made redundant due to the organizational model and delegation of tasks and responsibilities between the Defence Command and the Ministry

of Defence. The structure meant that many tasks were assigned to both institutions resulting in duplication of work. It must be said that this also took place and still takes place in other ministries, departments and agencies.

### **Poor management**

Cost savings were not the only issue. Cooperation between the politicians and the Ministry of Defence on one side and the Defence Command on the other side were poor. Some believed this to be the cause of cases handled poorly by the Defence Command, which later received plenty of negative coverage in the media.

These cases brought about a negative image of the Defence in the media and the rest of the population, which was not limited to the Defence Command, but also affected the politicians responsible for the Defence. This increased the desire to increase the political control of the defence.

One of the points of criticisms levelled at the Defence had been their poor financial management, which in 2011 led the National Audit Office to criticize the Defence's financial management and the Department's supervision (Forsvarsministeriet, 2011). However, afterwards the Defence made changes, and improved their financial management (Brøndum, 2014). Since poor financial management had been one of the arguments for merging the Defence Command and the Ministry of Defence, financial improvement should have reduced the need for political control.

### **A changed environment and new challenges**

Another issue that had made restructuring a more salient point on the political agenda was the fact that the circumstances had changed considerably from when the old structure with the Defence Command was established in 1970 compared to the point when the talks of restructuring emerged.

This was an argument that was often used during the decision process.

During the Cold War the focus was on protecting Denmark's borders and to stand ready to help defend NATO allies in conflicts that would probably be intensive and short-lived, and the Defence Command was organized accordingly.

But today the situation is much different, and the military does not have to concern itself much with protecting the borders.

Instead, it is active around the world in the war against terror and in peacekeeping missions. These types of assignment are more complex, rely on different types of expertise, and in many cases entail cooperating with in multi-nation alliances.

Furthermore they take place in very different locations and with a much longer time horizon than the assignments the Defence was prepared for during the Cold War.

For instance, Denmark has been active on missions to varying degrees in Afghanistan since 2002, in Kosovo since 1999, was active in Iraq for more than seven years, and is currently active in the war against ISIL (Forsvaret, n.d.)

These missions have not had solely military objectives with an enemy to be defeated on the battlefield. There are other types of objectives to be met and expertise needed.

Therefore, the structure of the defence's leadership, which in 2011 was basically the same as it was back in 1970, when it was established, was considered outdated.

Over the years, the Ministry of Defence had delegated various assignments to authorities pertaining the Defence Command (Forsvarsministeriet, 2011).

One of the main objectives of the restructuring proposed by the center-left government was to improve the communication, both in terms of quality and in terms of speed.

This was especially important due to the complex tasks and the participation in multi-national alliances.

A brief timeline of the major events in the restructuring is provided below:

The Government outlined their wish to restructure the defence in October 2011.

The work group's report was finished in April of 2012.

The first defence settlement concerning a restructuring of the Defence was agreed by the Government and its parliamentary support party, the Unity List in May 2013.

The broad defence settlement agreed by the Government and all the parties in the Danish parliament excluding the Unity List was reached in April 2014.

### **Analysis of garbage can elements**

This part of the analysis concerns how the restructuring of the Danish Defence was influenced by garbage can elements. As the decision-makers behind the restructuring were politicians in the Danish parliament, the decision process will be analysed mainly from their perspectives, even though the military staff did play a part in the process.

The Defence personnel played a part by contributing to the working group, which were tasked with formulating three alternatives for a new structure. Furthermore, due to the fact that the Defence's organisations were being changed, the chances of a successful implementation would be considerably improved if the personnel were on board with the proposed changes. Unfortunately a widespread acceptance was not present in the Defence. Before the working group had presented their proposal, a top official from the Defence expressed his opposition to changing the structure.

Additionally, leading figures from the Defence voiced their opinion in the media, and according to the former Ministry of Defence, Nick Hækkerup, some also tried to obstruct the restructuring by following their own agenda.

### **Decision structures**

There was specialized participation in the decision-making since access to the negotiating was limited to the Minister of Defence and the spokesmen of defence from the political parties. The Minister and the spokesmen of defence are specialized in choices related to the defence, although politicians from the smaller parties generally have spokespersonships in more areas than defence.

However, when passing the bill in Folketinget, the remaining members of the parties were relied upon to get the restructuring and the other elements of the Defence Settlement in 2014 passed.

According to the garbage can theory: *"In a highly specialized decision structure, the main consequence of the fact that the right to participate is not always exercised is variation in the time it takes to make a decision"* (March & Olsen 1976., p. 41). One could argue that

the process of restructuring the Defence began with the declaration of intent written in the coalition agreement in October 2011, and ended with the Defence Settlement in April 2014.

This would be a decision process lasting two and a half years, which is a very long period capable of causing unrest in organisations. According to the officers' chairman, Bent Fabricius, the long wait for a resolution provoked frustration among the employees at the Defence, and caused many employees to quit the Defence and seek job opportunities with more security elsewhere (Brøndum, 2014).

The politicians from the center-left government had their hands full with the negotiations and implementations of other reforms. Furthermore, six government reshuffles, including one which marked the end of The Socialistic People's Party time in government, and one reshuffle which saw a change of Minister of Defence, took place from October 2011 until February 2014 which was the last reshuffle before the broad Defence Settlement was agreed on in April 2014 (Justesen & Juhl Mølgaard, 2014).

Before the broad agreement, the government reached a narrow and controversial agreement with the Unity List in May 2013, which might have played a part in delaying the process too (Brøndum, 2014).

Following the garbage can theory, the outcome of the settlement should not vary too much given that the participants with the decision-making power did not change much. On the other hand, stakeholders without decision-making power still have the chance to influence the process, as is evident by the comments of a former Ministry of Defence, who claimed that leading figures in the Defence tried to obstruct the restructuring and instead follow their own agenda.

The decision structure was specialized with regards to the negotiations of the defence settlement, since the access to the choice opportunity generally was only open for the spokesmen of defence from the political parties. Although, access was open to the representatives from the Ministry of Defence and Finance as well as the Defence Command and the Prime Minister's Office in the working group at the preliminary stages of the process, when alternative proposals were being drawn up.

But at the actual negotiations of the settlement, they did not have decision-making power. That stayed with the politicians. However, they were busy at other choice opportunities, and therefore the choice opportunity in form of the restructuring stayed open for a very long time.

### **Decision time**

The duration of the process is also important since the longer a choice opportunity remains open, the more participants can join the process, the more issues are deemed relevant for the choice opportunity, and the more complicated reaching a decision becomes. This increases the possibility of postponement of a decision and the importance of deadlines.

In this case, the resolution was longer in the making than desired, which is evident by the fact that Ministry of Defence Nicolai Wammen after assuming office in August 2013 declared that he hoped for a settlement before the turn of the year (Brøndum, 2014).

In the end a settlement was reached in April 2014 – two and a half years after the plan of restructuring was outlined in the coalition agreement and two years after the working group had delivered their report. It is entirely plausible that the long duration of the process contributed to the Defence Settlement of 2014 to contain more elements than the agreement reached in 2013 or in the case that the negotiations had been finalised quicker.

### **Coalition-bargaining**

However, one has to keep in mind that the very political nature of the process can have played a major part too in the prolongation of the decision process.

With the Conservative Party, Venstre and the Danish People's Party all declaring their opposition to the plans of the merger, it is to be expected that they request their wishes in other areas to be met.

After assuming power again, the three parties and Liberal Alliance have pursued an agenda of moving public agencies and other types of public sector institutions away from the capital region to other parts of Denmark.

Therefore, the moving of Defence jobs from the capital region to other parts of Zealand and to Jutland may be to a larger degree be attributed to political factors than to time factors. This kind of decision-making is a clear sign of the conflict-resolution (coalition-bargaining) model. The parties agreeing to the deal had different interests and demands, but it is general custom and practice for the political parties to reach a broad agreement with the same parties who are part of the previous defence settlement.

However, it is possible and entirely legal for the government and its support party to agree on a narrow settlement suited to their own (narrower) interests, and they did so to begin with.

Another and similar way of looking at the approach the participants used to reach a decision is to see it as a political style: "In a political style it is assumed that participants disagree over goals and a solution is sought that does not require operational commonality of goals. This style secures its legitimacy either from its adherence to Pareto optimal solution or from widespread social acceptance of both the postulates of politics and the distribution of political power within the system." (March & Olsen 1976, p. 89).

This style is well suited for the political realities and in the eyes of the public, but this style and the kind of arguments it entails are not entirely acceptable for the employees who were to undergo the restructuring.

The government and the opposition parties involved in the decision process had different interests, and therefore they had to bargain with each other. By using a political style, the government and the opposition was able to reach a broad settlement in spite of their differences.

### **Ambiguities**

After Nick Hækkerup had argued for the need of changing the structure due to a new political reality with missions abroad and due to economic challenges, former Defence



Chief Hans Jesper Helsøe rejected these suggestions by saying it was a political argumentation and stating that he did not believe this argumentation stand up to scrutiny (Ex-forsvarschef: Luk ikke forsvarskommandoen, 2011).

Furthermore, he feared the merging of the Defence Command with the Ministry of Defence, would cause political motives and considerations to influence the military too much by involving the Minister of Defence in cases, which according to the former Defence Chief, is best for the Minister to stay out of.

This indicates an ambiguity of understanding and history. The military personnel and the politicians disagreed on the need for change, because they saw the situation differently. While the politicians thought the old structure did not fit with the current environment, the military leaders did not recognize a misfit between the old structure and the environment. Additionally, they thought the politicians were to blame for the bad cases, in which the Defence had been implicated, in recent years.

The different cultures of the Defence Command and the Ministry of Defence and the accompanying crisis of confidence mentioned previously is especially important in times of uncertainty and change. The more unclear and ambiguous a situation appears, and the less a person is able to understand himself, the more a person puts his faith in people he/she trusts and likes (March & Olsen, 1976).

Therefore, it was expected that Defence personnel without a clear idea of the proposed changes, would listen more to leading figures of the military and shape their own opinions accordingly instead of listening to the politicians.

Consequently, the importance of influential figures voicing their opinion in public and in member magazines for officers and other Defence personnel should not be understated. As mentioned before, the former Minister of Defence, Nick Hækkerup, certainly believed leading Defence leaders had success in exerting influence on the process: "*Important positions within the defence are occupied by disloyal, narrow-minded Oberst Hackel-types* (Hækkerup om forsvarets top: Illoyal og snævertsynet, 2013). He also believed that various top officers worked single-minded according to their own political agenda and behaved so disloyally, that it harms the defence. He felt that during his work with restructuring the defence, where some of his decisions were leaked to the press and

obstructed by military staff. Furthermore, a culture suspicious of political interference would require other arguments than those of kind deemed fitting for a political context.

The diverse backgrounds of military personnel and politicians impacted on the way they perceived the whole process of restructuring. Their previous conflicts contributed to a negative working climate, and a sense of suspiciousness on both sides. The military personnel did not accept the political process and arguments and, according to a former Minister of Defence, tried to resist the restructuring.

### **Entrepreneurial style**

The working group consisting of representatives Ministry of Defence, The Prime Minister's Office, The Ministry of Finance and the Defence Command presented arguments in their report, which were more in line with the entrepreneurial style and its emphasis on rationality, where it is assumed that there are shared objectives to a degree at least.

The politicians and the military personnel could at least agree on having a structure that enables the Defence to have the best conditions for fulfilling their obligations such as coordinating their tasks with foreign allies and performing their mission at an optimum level.

Therefore, the working group investigated how all the other NATO allies have structured their Defence, and the working group found a movement in recent years among NATO members from an organization model quite similar to the former Danish model to a model integrating the political and military leadership (Forsvarsministeriet, 2011). The working group also investigated close allies of Denmark such as Norway, the Netherlands and Great Britain in more detail.

These three countries had also integrated their political and military leadership, and doing so too on the part of Denmark was expected to improve reaction time, communication and coordination with allies on multi-nation missions.

The entrepreneurial style and resulting rational arguments was used to gain support within the Defence, since the political style did not have approval there. Naturally, the

rational arguments were not only used to convince the military level of the sense of implementing the proposal, but also because of the good sense of it.

### **Confluence of streams**

As described above the Government and the parties agreeing to the defence settlement did not hide the fact that an important factor behind the restructuring was a desire to reduce costs. One element of the garbage can decision-making theory is that when a large enough number of problems about a given subject and state is detected, it will be acted upon. Another way of looking at it is that a solution will be persistently pressed by certain participants of an organization to deal with problems.

Here, the solution pressed in various areas of the organization is modernizing and increasing efficiency.

The aforementioned fraught relationship between the political and military leadership was also perceived to be a serious problem that needed to be taken care of.

Another problem that increased the feasibility of a major undertaking such as a restructuring of the Defence was the various bad cases emanating from the Defence in the years preceding the center-left parties winning the election in September 2011. These bad cases included the purchase of helicopters costing 3 billion Danish kroner, which were not able to meet the expectations, and for a long time were hit by technical issues keeping them grounded, leading to criticism from the National Audit Office (Rigsrevisionen, 2008). The National Audit Office also criticised the handling of a project involving unmanned aircrafts, which was bought at a price 470 million Kroner and later sold for 40 million Kroner.

Another bad case involved the leak of confidential information to a journalist. But in this case a Defence employee was not to blame. Instead it was the Minister of Defence's spin doctor who was the culprit. However, in public opinion the story was anyhow mixed up with other issues related to the Defence, which demonstrated poor management.

A more serious case, which the Defence Command was entirely responsible for, concerned a book by a former soldier about his experiences in the Danish Defence. The Defence Command believed that the book contained information, which could prove

useful for enemies and endanger the lives of Danish soldiers. Therefore they requested that the book was banned, but that request was not met. To prove their point the Defence Command delivered information about an Arabic translation of the book. Søren Gade, the Minister of Defence at the time, then presented this information to the Defence Committee in the Danish Parliament to support the Defence Command's claim of the book to represent a risk for Danish soldiers.

However, it later emerged that the Head of IT at the Defence Command fabricated the translation (IT-chef tav om oversættelse af Jægerbog, 2010). These events caused very harsh comments from Danish parliament politicians. They believed the soldier book case to be emblematic of a sick culture at the Defence Command, and in October 2009 it led to calls from the Social Liberal's party's spokesman of defence to merge the Defence Command with the Ministry of Defence (Partier: Riv Forsvarskommandoen ned, 2009).

The restructuring was not pushed through at that time, but it might have sowed the seeds for the later attempt.

Professor in Military Studies at Copenhagen University, Mikkel Vedby Rasmussen certainly believed the aforementioned cases to have been a factor in the later restructuring: *"It is time that the relationship between the Defence Command and the Ministry of Defence improves. That is why the Ministry of Defence wants to merge them. The many bad cases in the Defence has pushed the process. It is a good idea and it will result in some clearer decision-making processes."* (Dårlige sager lukker Forsvarskommandoen, 2012)

Another issue which had made a restructuring more salient point on the political agenda was the fact that the circumstances had changed considerably from when the old structure with the Defence Command was established in 1970 compared to the point in time when the talks of restructuring emerged.

This was an argument that was often used during the decision process.

With the case being that the Danish Defence has been primarily concerned with missions abroad in contrast to protecting country's borders for more than the past 20 years, it should be expected that there would have been serious attempts to amend the

situation, if the structure truly was “*out-of-touch*” and the decision makers were completely rational.

One way of determining whether the structure is in line with the current circumstances is to look at how comparable organizations are structured in comparable circumstances. The working group did exactly that and found, as aforementioned, that more and more NATO allies in recent years have integrated their military and political leadership.

This could be seen as an indication of the center-left government’s proposed changes being reasonable, and that these changes ideally should have been made previously.

There had been talks about it in the past. In 2003 Søren Gade from Venstre suggested a slimming-down of the Defence’s leadership and adopting the “Pentagon model,” but he did not follow through when he became Minister of Defence the following year supposedly because the cons outweighed the pros (Knudsen & Marker, 2012).

As mentioned previously, a shutting down of the Defence Command was suggested in 2010 in the wake of scandal about the soldier book, but it did not happen at that time either.

The issue of a negative and conflict-ridden relationship had existed for many years, as had the issue of an outdated organizational structure. Financial management was also identified as an issue, and the various bad cases helped the organizational structure of the Defence to be established as a choice opportunity, when the center-left government was formed after the election in 2011. A restructuring had been proposed a couple of times over the years as a solution to the problems, and a general desire to save money in the public sector further contributed to the possibility of a major overhaul of the Defence.

Summarizing, the decision-making process indicated elements of the garbage can model. Among them were the existing ambiguities of history and understanding, which made it practically impossible to reach a decision by the rational decision model. Instead, the coalition-bargaining model was applied. The decision structures lead, as expected, to a prolonged process and may have caused the choice opportunities to involve more elements.

### **Application of innovation theories**

In this section, I will apply the innovation theories presented in the literary review on the case. As in the first case inferences were drawn about the organizational characteristics by using the garbage can theory.

### **Risk-taking**

The nature of the tasks and activities of the Defence might not lend itself to risky experiments. Like hospitals, the Defence's activities are at times a matter of life and death, and for that reason safe, stable and secure solutions are probably preferred over riskier solutions. These circumstances will naturally play a part in the decision process, which was evident in the working group's effort. They compared the various organizational structures and analysed how it could fit with the Danish structure rather than coming up with an entirely new solution.

High levels of trust can contribute to a risk-taking culture, but neither between the political parties or between the politicians and the Defence are high levels of trust apparent. On the contrary, Defence leaders feel that the politicians do not believe in them. Concerning the politicians, bloc politics are a main cause of the lack of trust and transparency between the government and the opposition, according to a military expert (Knudsen & Marker, 2012). The political games of relentlessly pursuing mistakes made by adversaries and blowing them up in the media causes a climate where information is not exchanged freely. Further, it would be understandable if politicians would rather pursue low-risk strategies /decisions to avoid a witch-hunt by the opposition, especially in election years. Summing up, the low trust, combative environment of the Danish Defence is not conducive to risk-taking and consequently to innovation.

### **Internal and external communication**

Internal communication is another factor that can contribute to innovativeness in organizations. As mentioned above the internal communication is subpar, even though

the politicians might meet quite regularly. Political games have a very negative effect on the cooperation between the two blocs in Danish politics.

Military personnel felt a lack of confidence from the politicians, with one former colonel saying: *“No matter what the Defence Leadership says, then many politicians have the impression that they are full of lies and are hiding something. It is a dangerous trail,”* (Knudsen & Marker, 2012). This lack of trust had in all likelihood caused the understanding between the military personnel in the Defence Command and the civil employees in the Ministry of Defence to deteriorate. This and the bad cases described earlier are the main causes of the mistrust present between the two sides. Lack of trust will undoubtedly lead to worse internal communication.

Attempts to improve the internal communication was made with the moving of the Defence Command’s offices from a city in Northern Zealand to Copenhagen nearby the offices of the Ministry of Defence.

The quality of external communication is higher, because the politicians and ministries are able to draw on the experiences from fellow NATO allies. The working group did just that when drawing up their suggestions for alternative organizational structures. They analysed all NATO allies’ organizational structures broadly, and three allies’ structures in depth. The Danish military partake in missions in cooperation with their allies, and the politicians participate in meetings with colleagues from other countries. Consequently, the military are able to scan its environment well, exchange ideas and experiences with allies.

To sum up, the level of internal communication is very low and is likely to cause problems in the development and implementation of any innovation. On the other hand, the level of external communication is rather high, can provide inspiration and function as good feedback. So while good ideas can be discovered or conceived, it might be troublesome to implement them.

### **Centralization and formalization**

On paper the Danish parliament could be described as decentralized with 179 individuals all holding equally weighted votes. These 179 politicians are elected by the

population of Denmark, Greenland and the Faroe Islands, and are meant to serve the voters' interests. In this perspective the decision-making is extremely decentralized. However, the decision power still lies with the 179 politicians. In reality, the politicians typically follow the tradition of voting in line with their respective parties, and decision power is thereby concentrated at much fewer individuals.

The formalization of the parliament must be regarded as rather high, especially concerning legislative proposals. The process of settlement is less formalized, and instead based on unwritten rules. Centralization has mixed effects on risk-taking, since managers/senior employees will show more risk-taking behaviour in centralized organizations, while the average employee will be more risk-averse in such organizations. Consequently, the top politicians should be more willing to take risks and initiate substantial changes, which will have a positive effect on the level of innovation.

On the other hand, the centralization implicates few contributions from people below the top, and the rather high level of formalization also has a negative effect on innovativeness.

### **Professionalism**

Professionalism is also correlated positively with innovativeness. It can be argued that the politicians score rather low on this factor. Especially in the case of politicians from smaller parties, who hold several spokespersonships, and therefore have to split their time on many diverse fields. Additionally, many politicians' educational backgrounds are in fields unrelated to the area they are spokesmen of. The politicians use inputs from military personnel as part of their basis for decision-making. Consequently, the level of professionalism is also relevant to examine, and this level has decreased after the restructuring. As part of the restructuring a whole layer of management was removed, and a lot of generals and officers were fired. Furthermore, due to the prolonged decision process and the accompanying insecurity a lot of competent employees left the Danish Defence to seek employment elsewhere.

As a consequence of the restructuring, the political control over the military was increased, which must also have had a detrimental effect on the level of professionalism,



since the politicians and civil employees at the Defence Department are not as competent with regards to military matters.

To sum up, the level of professionalism has decreased after the restructuring, and is considered rather low, because the politicians are not experts in the field, and this combined will influence innovativeness detrimentally.

### **Competition**

The traditional private sector elements of competitive pressure and profits do not exist for politicians in the same way. Although opinion polls matter, and public sentiments at times evolve into such a strong power that it can force ministers to resign, in general the competitive pressure politicians face is mainly limited to the period close to elections. But the results of an innovative plan or project will take a long time to materialise, and even when they do, it is far from certain that the voters will reward the parties behind the plan. And in areas such as defence, where broad settlements is the norm, it is even harder to stand out from the rest. Furthermore, defence politics are only an important topic for very few voters, which also reduce the competitive pressure (Redder & Christensen, 2017).

The competitive pressure is consequently deemed as low, and this will harm the innovativeness.

### **Mission clarity**

Mission clarity can contribute positively to the innovativeness of an organization by providing a clear direction. Another reason for mission clarity's positive correlation with innovativeness is that it is assumed to indicate a low conflict level in the organization. However, as was evident by the decision model, the level of conflict was not low in the Parliament and between the Ministry of Defence and Defence Command. On the contrary, there was a high level of conflict both between the politicians and the Defence Command, and amongst the political parties. Additionally, while the politicians wanted increased control over the military and for that reason wanted to merge the Ministry of Defence and the Defence Command, the military personnel did not want the politicians to interfere too much in military matters, and therefore tried to resist increased political

control. In short, mission clarity was not high and the innovative potential should suffer as a result.

Summarizing, the levels of risk-taking, mission clarity, competition, professionalism and internal communication were all found to be low, which will affect innovativeness in the defence field negatively. As will the high level of formalization. However, the high level of external communication will have positive consequences, and the high level of centralization have potential to do so as well. On the other hand too much emphasis on external communication and centralization as drivers of innovativeness could result in the adoption of other organizations' solutions instead of the generation of innovative solutions within the organization. Still, the poor internal communication and diverse interests of the military and political level created obstacles for a successful implementation.

## Discussion

In this section the findings will be discussed, how generalizable they are, and whether there are hope for change in the future.

Elements of garbage can decision-making were found in both case organizations. This is to be expected, since it occurs in most organizations, particularly public organizations. Some problems are of little significance or are routine-based, and therefore little energy will be used on it, and decisions may be reached by flight or oversight.

It is also natural for some problems to be left unattended for a while, if the organization is occupied with other and more significant issues. The main differences lie in how many decisions and the types of decisions that are reached following garbage can decision-making. The perfectly rational organization should not make decisions by flight or oversight, but external factors can be constraining. This is the case for public sector organizations that face demanding stakeholders whose interests are not aligned.

### **Confluence of streams**

Decision-making in garbage can structures is largely attributable to how the four streams – choice opportunity, participants, problems and solutions – flow together. It places less emphasis on linear and rational decision processes, but highlights the importance of time patterns, available energy and the confluence of the four streams. In the case of the Danish Defence, it probably would not have been restructured had it not been for the change of government in 2011, while the general need in the public sector to cut costs, the bad cases in the Defence and other factors also contributed to it opening up as a choice opportunity.

In Gentofte the new political model came about as multiple problems necessitated the creation of a choice opportunity. Co-production of public services, where volunteers take on larger responsibility in welfare services, have become popular across the country in recent years and can be a solution to a host of problems, including those faced by Gentofte.

## **Timing**

The issue of time and timing was found to be of great importance in the case of Gentofte Municipality. There is a limit to how much time the local politicians can spend at municipal affairs, which constrains the number of active task committees and thereby the number of issues dealt with. This places extra importance on timing since new committees are only established after the termination of old committees. As a result of that lesser important issues might be handled before more important problems due to timing. It is likely that the arrival of problems also plays a significant role in the rest of the public sector, but it is doubtful it plays such a big role. While it is to be expected that easier problems be handled earlier than complex problems, and that problems with an approaching deadline will be handled earlier than problems without such urgency, it is unlikely that important problems will be left unattended in such a way. It is more likely that the important problem will take precedence over the other problems and leave those neglected for a while.

However, if the important problem turns out to be very complicated to solve, then a decision on that problem might be postponed such as in the case of the restructuring of the Defence.

Here the new government in October 2011 identified a number of problems, and a restructuring was perceived to be solution to the problems.

Still, the negotiations proved difficult and the government left the problems unattended for a while, so they could concentrate on other matters, before they in April 2014 reached a broad settlement including other aspects than just the restructuring. Problems of this kind are presumably not a big issue in the rest of the public sector, where politics play a smaller role.

Gentofte Municipality faces another issue related to time, because there is a limit to how much time the politicians and the outsiders can spend on the committees. Due to the limit the work was extra sensitive to extra workload on the committees, which could complicate the work. Consequently, the committees would then rely more on external actors such either the municipal administrations, interest organisations or easily available information. Additionally, decisions reached by flight or oversight is expected to increase. This is a scenario that can play out in most public institutions pressed for

time, and when decisions are reached by flight or oversight they are unlikely to resolve problems, and consequently unlikely to lead to innovative solutions.

Time pressure, less well-considered decisions, a resulting focus on the immediate future and consequently a lack of innovative solutions are not limited to the public sector organizations. Private companies can of course also be constrained by time and end up with sub-par decisions. However, they are not constrained in the same manner, since participants in private companies work full-time in the organizations. Although managers' and regular employees' time might be split for various projects and choice opportunities, working over the allotted time is more prevalent in private companies, which decreases the risks of the abovementioned negative consequences. The private sector is more flexible than the public sector in terms of weekly work time (Produktivitetsskmissionen, 2013). Norm period is the period over which the weekly work time can vary as long as it averages 37 hours over the period. The longer the norm period, the more can the work time vary in a given week.

While about 70% of surveyed private companies had norm periods of 12 months or more, most public servants have norm periods of one month (Produktivitetsskmissionen, 2013). Because the time issue is mainly attributed to the part-time status of participants, the solution of employing the participants full-time is straightforward, but not easily achievable nonetheless due to costs.

Budgets are generally made on a yearly basis in the public sector, and done so in a way, which complicates transferring resources from one year to the next. Additionally, the municipalities face financial sanctions if they exceed the budgets. This will probably contribute to a rather cautious behaviour at the beginning of the year, and could lead to thriftless spending towards the end of the year, if there is money to spare. This could result in innovative projects having a harder time gaining financial backing in the first months of the year, and thereby increase the importance of timing. Either way the funding is uncertain, and it has negative implications for an organization's innovativeness (Borins, 2001).

A way to counter this is to establish innovation departments within the municipalities and secure them funding. A number of municipalities have done exactly that (Bech Lykkebo, 2016). Another way is to introduce multi-year budgets and letting the

institutions, which improve their efficiency and save money, keep the money instead of returning the money to the municipal coffers, as proposed by the Social Democrats (Mere frihed til offentligt ansatte: S foreslår flerårige budgetter til institutioner, 2017)

### **Fluid participation**

As mentioned above, participants on task committees were not dedicated to that work full-time and attending the activities connected to the committees was not compulsory. This makes the participation extra susceptible to external claims on the participants' time such as work commitments, spending time with family or on leisure time activities. As a result, the participation becomes more fluid and the potential for larger variability of the decision outcomes increases in the cases of an unsegmented decision structure. This can negatively affect the innovative potential of the committees, if those showing up to the activities mainly are those with the least to contribute, while the most competent participants are busy in other places. The municipality of Gentofte addressed the issue rather successfully by granting the committees quite free reins with regards to the structure of the activities they conducted in their work. Furthermore, the politicians were (overly) supportive of the outsiders' proposals and ideas, because they did not want to demotivate the outsiders. Although such support contributes to a good working environment, in which participants feel safe to bring up ideas, the support is not unconditionally a good thing. Because when the politicians do not feel they can reject the citizens' proposals, bad proposals will also be approved.

Fluid participation will also be fluid in other public organizations, but since Gentofte has gone the furthest in involving citizens (and thereby the most fluid participants) in their political work, the issue will not be as big in other municipalities' political decision-making processes

### **Decision structures**

The search process for committee members are mixed of broad and targeted searches. Consequently, the decision structure is a mix of a specialized, unsegmented and hierarchical decision structure. It is believed that people often accept a plan or decision

due to an acceptance and an acknowledgement of the decision-making process being legitimate. This means that the most qualified and knowledgeable persons are not always the preferred members of the committees. To achieve legitimacy and buy-in from the public, the inclusion of a wide spectrum of people is necessary, so they better represent the whole municipality and thereby gain wide support. This is a variant of the issue of satisfying multiple stakeholders with diverse interests. Even though the supposedly less competent members might bring new perspectives on a matter, they are less likely to contribute with brilliant ideas, and the wish to please all by accepting their suggestions, is likely to result in sub-optimal proposals being implemented.

There was a specialized decision structure in the case of restructuring the Danish Defence, and the complexity of the decision process coupled with external choice opportunities, caused a delay in reaching a decision. The complexity could among other things be attributed to the conflicting objectives of multiple stakeholders, and this issue is widespread in the public sector. It complicates the decision-making, and often leads to resolution by the coalition-bargaining model.

### **Legitimacy**

In the case of the Danish Defence, the fact that the decision process was relatively public, enabled coalitions to be built, which complicated the resolution of the addressed problems. In general, there is a greater desire for transparent processes for public institutions, and in egalitarian cultures there are typically a wish for unsegmented decision structures. However, this was not the example for the Defence, but it will probably be the case in many other situations. By including more participants in the process, the number of issues to be dealt with often increases, and makes it harder to reach a decision and causes delay. A study of innovation in the British public sector proved just that (National Audit Office, 2006).

Such delays could be very damaging for companies in a lot of industries where products quickly get outdated.

Such cumbersome processes can also act as a deterrent for creative minds, and thereby hurt the innovation potential of the organizations.

The inclusion of the various stakeholders is probably hard to circumvent or abolish completely for the public institutions, but it should be possible to mitigate the problems. One way of approaching the problem of diverging stakeholder interests, is to customize solutions to a much larger degree instead of one-size-fits-all-solutions. This way more diverse interests and needs can be met, and less opposition to plans should materialise.

In the case of Gentofte Municipality, the need for legitimacy expressed itself via the cautiousness showed by the politicians in relation to the citizens' suggestions and via broad searches for task committees members instead of targeted searches. One of the politicians' hopes for the new structure was that the inclusion of citizens in the municipal work would help the implementation of plans. Therefore, it is understandable that the politicians are attentive to the citizens' needs and suggestions, but accepting the proposals in the manner described in the evaluations are arguably showing too much concern. It is hard to imagine a private company bowing so much to the desires of a few stakeholders.

Fortunately for Gentofte Municipality, these issues are fixable, and it might turn out to be teething problems, which go away when the politicians have adapted to the new structure. Gentofte is the only municipality to have given its citizens such prominence in the political work, and such deep involvement of citizens is generally not the norm for public institutions. Therefore are challenges of the same magnitude in this matter not to be expected in most other public institutions. However, this does not mean that citizens cannot influence decision-makers of public institutions in an unfortunate way, and this issue is most likely to be smaller in private companies. The sense of entitlement and ownership that people feel towards public organizations are generally higher than towards private companies.

Another issue in Gentofte was the composition of the committees, where competence at times was sacrificed for legitimacy by searching more broadly for members instead of directly targeting those with the best competences within a given field. In relation to that were the problems of co-operation that can happen when people are to work with a lot of people they have not met before, and with people who might have a very different background. Problems of co-operation will happen in all organizations, but problems of



the same cause are not widespread across the public sector. Even though task forces or working groups are established comprising of individuals with no knowledge of each other from beforehand, they will presumably have more in common, such as educational background, than the members of the task committees in Gentofte.

In general, the issue of legitimacy will be far less prevalent in the private sector. Their existence are legitimized by selling their goods and making a profit out of it. Generally as long as a company operates within the law, and their shareholders and customers are satisfied with the company's balance sheets and products respectively, then the company's existence is legitimized. Furthermore, they generally do not face strict rules with regards to process, and they are not obliged to satisfy a wide range of stakeholders with conflicting interests.

### **Ambiguities**

The problem of ambiguities was evident in the Danish Defence, where the military and the political level interpreted past events differently and understood the environment in diverse ways. This is probably the case in many public institutions where there also are ambiguous or even conflicting objectives between the management level and the professionals who are performing the public services. Domestic helpers might be inclined to take a larger interest in conversing with the elderly people they service rather than just having a narrow focus on efficiently cleaning the elderly peoples' homes, help them take a shower and then get out of the door. In other words, the management level might have a greater focus on costs and on meeting the set goals, while the professionals have a greater focus on taking their time to service the people and worries less about costs.

Similar scenarios exist in many other public institutions with a management level consisting of people with very disparate educational backgrounds than the professionals performing the welfare services. In these situations it is likely the two groups perceive problems and challenges differently and do not agree on the solutions to the problems. It can easily lead to conflicts and provide obstacles for new plans and strategies to be implemented.

One of the reasons for including the citizens in the political work in Gentofte was to give them a better understanding of the political decision processes and to ensure that they felt a greater sense of ownership of the plans, and thereby increase the chances of a successful implementation. The evaluations showed that the inclusion of citizens on task committee improved the involved citizens' understanding of political decision processes (Sørensen, E. & Torfing, J. 2016a).

Involving more with a professional background in the management or the board of the different public institutions than the current employee representative could help bridge the gap of understanding.

### **Risk-taking**

The levels of risk-taking were rather low in both case organizations. In the case of the Danish Defence the nature of its tasks, the low level of trust and the political games contributed to a risk-averse culture. The task committees in Gentofte were constrained by the briefs, a rather low level of autonomy and having to meet multiple bottom lines, which all contributed to a more risk-averse culture.

This goes in line with the typical perception of the public sector as risk-averse, which have a negative influence of the innovative potential. Apart from the organizational and task-related factors, it can also be attributed to the individuals seeking employment in the public sector. Studies have found more risk-averse individuals to show a preference for working in the public sector, while less risk-averse and more entrepreneurial types are more likely to seek employment in the private sector (Özcan & Reichstein, 2009).

The pay structure of generally lower wages, higher job security, less performance-related bonuses and in general lower expectancy of reward for risky behaviour, is believed to contribute to more risk-averse conduct (Bozeman & Kingsley 1998; Özcan & Reichstein, 2009).

The pay structure is something that can be changed, if there is a desire to do so in the public sector and in the population. The problem of performance-related pay is finding the right metrics to measure, while bigger wages means more expenses, which the taxpayers might not be interested in. In short, it is not as straightforward as it may seem.

## **Autonomy**

High levels of autonomy have a beneficial effect on innovativeness, because it is expected that when managers are granted more freedom they will explore new ways of performing the organization's tasks (Pollitt, 2004 & Talbot; Maor 1999). It is also presumed that the employees of a given organization are more knowledgeable about the tasks they perform than outsiders, and unshackled from process control will be motivated to find new and innovative ways to perform their tasks better.

Another argument is that public organizations, such as agencies, with enlarged autonomy will adopt a customer-oriented culture and strive to be innovative so they can justify the enlarged autonomy (Verhoest et al 2007).

The task committees in Gentofte have a high level of autonomy regarding the planning of their activities – i.e. process – but they are constrained by the briefs in terms of scope of their tasks they are dealing with, and the proposals have to be politically acceptable, which further restrain the committees' work. Any and untraditional and innovative plan risk upsetting voters and politicians and this limit the innovativeness at the committees.

Rather low levels of autonomy are prevalent across public institutions, which typically are linked together with a host of other public institutions, leading to a complex chain of command that gives the leaders of the concerned organizations little freedom to lead as he sees fit.

The current government has addressed the issue by setting up a commission for leadership, which are to investigate leaders in the public sector around the country, and finish the work with a list of recommendations (Regeringen, 2017). To gain the benefits of this work, the public leaders must be given enough room to manoeuvre and lead.

## **Centralization and formalization**

The task committees in Gentofte were rather decentralized, although the final decision-making power of the proposals lay at the municipal council. The picture was also blurred with regards to the Danish Defence case, since passing a settlement or bill in the parliament requires at least 90 votes out of 179, but in reality it is the parties'

spokesmen of defence and their leadership, who takes the decision, and then the parties' parliamentarians vote accordingly.

Looking at the public sector in general, it is regarded as centralized and formalized. The written rules and procedures are often pointed out as unnecessary and causing the public employees to spend too much time on tasks that add no extra value and that are irrelevant for their core tasks. They are usually regarded as areas that pose the greatest constraints of the innovative potential in comparison to the private sector.

The Minister for Public Innovation has selected these areas as places with room for improvement. The aim is to reduce the time public employees spend on registering and other process requirements, so they can spend more time on their core tasks. To meet the objectives a lot of rules must be abolished, and the work is underway. A current initiative is the experiment of free municipalities (*Frikommuneforsøg*), where a number of municipalities get the opportunity to conduct experiments in various areas, which are meant to simplify the work and lessen the burden of regulations (Økonomi og Indenrigsministeriet, 2016)

The main reasons for the more extensive centralization and formalization in the public sector are presumably attributed to external autonomy and the demand for control from above. The need for control is translated into written rules and procedures that must be followed. By granting the public institutions more autonomy, reducing the process requirements and instead focusing on outcomes, the efficiency and innovativeness is expected to increase. Thereby, the government can reach its objective of getting more welfare for less money.

### **External communication**

The level of external communication was found to be high in the Defence case, while it was mixed in Gentofte depending on the committee. External communication could be improved in Gentofte by more targeted searching of competent members with good networks.

External communication is high when organizations scan and communicate a lot with its environment. One of the aims of the government's "Coherence Reform" was to identify best practices and diffuse these across the public sector (Finansministeriet, 2017). That

is one way of improving the external communication. It is also one of the areas where the public sector could hold an advantage over the private sector. There is significantly less competition between the different municipalities than between companies in a given industry. Therefore, there is less secrecy and the public organizations should be more willing to help other public organizations learn about efficient alternatives.

### **Internal communication**

Internal communication was found to be poor in the Defence because of trust issues, diverse objectives and a list of bad cases in the Defence. One of the aims of the restructuring was to improve communication and cooperation in the Defence.

The picture was also blurred with regards to the level of internal communication in the Gentoft task committees. The chemistry is dependent on the nature of the task and the composition of the committees. With time the municipal councils should get a better overview of the types of tasks that are suitable for task committees, and this should help improve internal communication. More targeted searching for potential members of committees could also improve internal communication, but they risk lower level of legitimacy by doing so.

High levels of centralization and formalization generally have a negative influence on internal communication. As a result, the bureaucratic organizations in the public sector should score low on this factor in comparison to private organizations. However, if the experiment of free municipalities and the general desire for debureaucratization are successful, then the level of internal communication should improve.

### **Professionalism**

The level of professionalism should be high among the committee members that were targeted by the municipality, and they can bring their expertise to the table and contribute to innovative proposals. On the other hand, the professionalism of the other members can be questioned, although their participation indicates either enthusiasm for the topic of the committee, a belief in their own abilities in the field, or a belief that the work will be fun.

In the Defence, professionalism was considered to be low because of the politicians low level of expertise, the restructuring which led to the dismissals of a layer of military management and due to the prolonged decision process, which led many military employees to quit their jobs.

Professionalism is correlated positively with innovativeness, and in the public sector there are many professionals who have tried few other occupations than the one they are currently working in. Many teachers, doctors, nurses and so on do not try other job positions than those, and this make them highly specialized in their fields. This should enable the employees to have a better understanding of the links between variables, better understand risks and opportunities, and therefore see possibilities for innovations.

In general, the concentration of these kinds of professionals is expected to be higher in the public sector than in the private sector. However, even though a person obtain much expertise by working in the same field for a very long time, it does not matter a lot in terms of innovations, if they do not act upon it. In other words, if they have very little entrepreneurial skills, their expertise might not get exploited. Studies have shown that people who have tried many job roles are more likely to become entrepreneurs.

### **Limitations**

The lack of primary data has limited the range of elements I could investigate. In the case of Gentofte Municipality, two social scientists were appointed by the municipality to evaluate the new structure. They were not tasked with analysing the structure in terms of garbage can model, and consequently their questions were of a different nature, and aspects important to the garbage can theory was not examined. As a result some elements of the theory could not be analysed.

In the case of the Defence the data used were mainly governmental publications and newspaper articles. Again, none of the data were created with the garbage can theory in mind, so also in this case are there elements of the garbage can theory that could not be analysed.

The garbage can theory consists of many elements and it emphasises the importance of the confluence of streams, of choice opportunities elsewhere and of ambiguities. Few clear-cut hypotheses are drawn, because so many elements are taken into consideration, and many of which are often hard to assess such as participants' alternative choice opportunities. The large majority of the innovation literature I applied is based on research on private sector organizations, and this could limit the precision of the findings.

I have used qualitative data in a multiple-case study design. This could pose problems for the generalizability of the findings. One of the case study organizations, the Defence, performs tasks of a rather unique character, and this could also have detrimental implications for the generalizability of the findings from this case.

## Conclusion

Increasing innovativeness is something all organizations should aspire to, and it is high on the agenda of the Danish government. The Danish public sector claims large resources, both in terms of number of employees and of taxpayer money, which increases the importance of improving innovativeness within the public sector. The private sector is regarded as more innovative than the public sector, and public institutions have tried to follow some of the same principles that guide the private companies. However, public institutions are constrained due to various factors in which they differ compared to the private sector. The Gentofte case showed that the municipalities felt a pressure to search broadly for members of the committees instead of solely targeting the most competent persons from interest organizations. Additionally, even the committees, which rated highly on all organizational factors related to innovativeness apart from autonomy and risk-taking, their proposals were not viewed as very innovative. This indicates that the need for legitimacy and satisfying broad and conflicting stakeholder interests have a very constraining impact on innovativeness in the public sector. The case also showed that an unsegmented decision structure introduces high variability to internal communication on the committees and. The Danish Defence case showed how the different interests and understandings of the military and political level impeded the implementation of the restructuring. While a political solution is legitimate in the parliament and population, the same was not the case for the military personnel. While the external communication was good, and could provide inspiration for solutions that could be adopted in the Defence, the poor internal communication proved to be a limiting factor.

## Future research

This thesis has studied innovativeness by investigating restructurings of two public institutions through the lens of the garbage can theory, and thereafter drawn inferences about the organizations' characteristics. These characteristics was analysed through existing innovation literature. However, the research was limited by a lack of primary



data. Future research could amend that by gaining access to public institutions and thereby have the opportunity to investigate all the relevant elements of garbage can theory. This research could be done by analysing other restructurings, but it could also be of value and interest to research actual innovation processes, and see how decision processes unfold there.

It could also be of value to study the effects of risk-aversion and low levels of autonomy in organizations that besides from these factors show characteristics of an innovative culture. The impact of differing educational backgrounds and understandings could also prove valuable to investigate more in the future.

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