Discovering and Reviewing the Internal and External Drivers of Innovation and Localized Cultivation of an Innovation Culture in the Public Sector: The Case of Kosovo

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Abstract
This research looks at the main drivers of public sector innovation and localized cultivation of an innovation culture in the public sector of Kosovo. This study is exploratory and a mixed methodology is used, while the findings are compared with the most recent literature in the field of public sector innovation. Findings clearly indicate that the introduction of new laws and regulations have been found to be the most prevalent driver of innovation in the public sector of Kosovo. In addition to that, mandated increase/decrease in the organization's budget has had an important role in the overall innovation processes. The public sector of Kosovo has made some progress in cultivating an innovation culture. Public sector managers support experimentation of new ideas and take an active role in the development and implementation of innovations. However, interestingly enough the introduction of e-government or online services has not been of paramount importance in driving innovation in the public sector of Kosovo. Moreover, the public sector of Kosovo has failed to engage service users in the designing, planning and evaluating new or improved services, which is an element that the literature supports. In addition to the findings, this research enriches and extends the current knowledge of innovation in the public sector domain. Finally, it is a unique contribution to Kosovo's academics and practitioners.
Keywords: public sector innovation, drivers of public sector innovation, innovation culture, Kosovo.

1. Introduction
1.1. Introduction to public sector innovation
Innovation in the public sector domain has gained great interest from both professionals and scholars (Hartley, 2005; Moore, 2005; Albury, 2005). Financial challenges and growing service needs in the public sector are some of the reasons that have fostered the need to study innovation in the public sector domain (Townsend, 2013; Kallio, 2013; Bason, 2013).

The importance of innovation lies upon the change in the overall efficiency, effectiveness and responsiveness of governments and public service organizations. Moreover, innovations in the public sector domain can range from organizational improvements to the use of new technologies, it can be instigated by external and internal parties, and it can occur as a result of top-down, sideways and bottom-up approaches (Carstensen, Bason, 2012).

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1.2. Definition of the main problem and significance

European governments are acknowledging the prerequisite for innovation in the paradigm of the public sector, they require more productivity with less resources, and continuously promote to foster the creation of more public values and better response to new challenges. Governments worldwide are under pressure to reduce their costs and become more efficient due to the lack of resources, while demand for public services is increasing. Thus, in this paper, the main drivers of innovation and the cultivation of an innovation culture in the public sector of Kosovo will be studied.

1.3. Literature research gaps

Financial challenges and growing service needs in the public sector have increased the need for public managers to find new alternatives to achieving their work goals, which in default has led to study innovation in the public sector domain (Townsend, 2013; Kallio, 2013; Bason, 2013).

In the era we are living, economic growth is uncertain, public services must be produced with fewer resources, but retain the quality, whereby public stakeholders face challenges in developing, producing and diffusing innovation (Albury, 2005; Hartley, 2005). In the public sector domain, many innovation topics remain unfamiliar (Kallio, 2013), for instance: Innovation targets and the radicalness of innovation outcomes have remained under researched (Bessant, Maher, 2009; Albury, 2005; Hartley, 2005); processes of producing innovation and the integration of users in these processes have been rarely studied (Sundbo and Toivonen, 2011; Hennala et al., 2012; Brand, 2005). The literature is limited regarding public sector innovation, in particular concerning the public sector in transition economies (Batalli, 2011).

In this paper, the factors that driver innovation in the public sector of Kosovo and the localized cultivation of an innovation culture are thoroughly researched and discussed.

1.4. Research query and research objectives

Innovation is crucial in today's environment. It is not of importance only to organizations that continuously compete; rather, it is of great importance to economies at large (Kallio et al., 2013). In addition, innovation not only increases the capabilities of private organizations to remain competitive in the global market, nevertheless, it is of prime importance to today's public sector excessively (Goyal and Pitt, 2007; Blahus, 2012; Bason et al., 2013).

It is an indispensable need to address the issue of public sector innovation, especially in transitional countries like Kosovo. Supporting innovation in the public sector enables achieving economic advantages, poverty reduction, harmony and institutional stability (Batalli, 2011). In this study, however, the focus is on the drivers/enablers of public sector innovation in transitional countries and the adoption/cultivation of an innovation culture, with focus on the case of Kosovo.

The research objectives for analyzing the query are:

• O1. Discover and review the main internal and external drivers of innovation in the public sector of Kosovo.

• O2. Evaluate the localized cultivation of an innovation culture in the public sector of Kosovo

• O3. Compare and contrast the drivers of innovation and localized cultivation of an innovation culture in the public sector of Kosovo, with the existing literature.

2. Literature review

Innovation in the public sector domain has gained great interest from both professionals and scholars (Hartley, 2005; Moore, 2005; Albury, 2005). Financial challenges and growing service needs in the public sector are some of the reasons that have fostered the need to study innovation in the public sector domain (Townsend, 2013; Kallio, 2013; Bason, 2013).

Therefore, based on the topic of study, it is vital and compulsory to discuss the key drivers of innovation and localized cultivation of an innovation culture. It is necessary to explore the academic literature on the factors that have the most significance in creating an innovation culture in the public sector. This is justified by the fact that managers in the public sector, especially those who are directly in touch with innovation have to elaborately know what makes innovation possible. In order to know how to create an institutional culture that drives innovation, public sector managers and public policy analysts have to study and understand the key factors that drive innovation and the factors that cultivate an innovation culture in the public sector (Ariss, Deilami, 2012).

Public sector innovation researchers have identified eight features that contribute to the development and adoption of a culture of innovation. The eight defining features are:

1. Support from the top;
2. Rewards and awards;
3. Resources (including time, space, and money);
4. Diversity of staff;
5. Learning from the outside;
6. Innovation is everyone's responsibility;
7. Experiment and evaluation;
8. Use of teams (Albury, 2005; Hartley, 2005; Moore, 2005; Borins, 2001).

2.1. Support from the top

Research has entitled the prerequisite of organizations to be more flexible, adaptive, and innovative in meeting the changing demands of today's environment (Sarros et al., 2008). The change within the organization must come from an individual or group, however top-managements support to change plays a crucial role in achieving a successful alteration (Fernandez, Rainey, 2006).

Researchers agree that support from the top, in either the political or public sector domain, is vital to successfully developing a culture of innovation (Adams et al., 2006; Gadot et al., 2005). It is a fact that the top management is responsible for whether an organization becomes more innovative or not. Damanpour and Schneider (2006) state that top managers are those who influence the outcomes of an organization, the climate for innovation is a direct result of top manager's commitment. Therefore, an innovation culture is successfully achieved through top management's commitment and by supporting and positively influencing their employees, by giving them space and time to brainstorm with colleagues and as a result foster creativity and innovation (Lin, 2007). Top management's attitude, positively affects all aspects of innovation adoption; their support is a breaking stone in adopting an innovation culture within the public sector (Sarros et al., 2008).

2.2. Rewards and awards

The importance of rewards and awards in the enrichment of innovation in the public and private sector is highlighted by a pool of authors (Kopelman et al., 2011; Rosenblatt, 2011; Hood et al., 2006). When comparing the two sectors, we come to know that in the private sector, rewards such as: financial incentives, promotion opportunities and organizational prestige are the factors that generate successful innovation, whereas in the public sector; recognition and relations with the supervisor and with peers were significant predictors of a public employee psychological empowerment (Fernandez, Moldogaziev, 2011; Gkorezis, Petridou, 2012). Rosenblat (2011) notes that recognition, awards and top management support play a decisive role in encouraging employees to be innovative. The difference between public sector employees and private sector employees is that, private-sector employees focus more on extrinsic rewards in the form of higher pay, status and prestige, whereas people who work in the public sector are more service-oriented and their behaviors are consistent with the public interest (Brewer et al., 2000). Kopelman et al. (2011) have stated that recognition and reward intervention improve service excellence in the public sector.

A predominant factor of successful innovation is the availability of resources for innovation. Joyce (2007) states that small innovation may precede even with existing funds while large-scale projects need new funding. Murray et al. (2010) confirms that the public sector often lacks on innovation enablers in terms of money, people and processes that are easy to be found in the private sector. The public sector is by nature centralized, episodic and structurally limited. Furthermore, due to year-on-year budgets with no possibilities to go for larger-term investments, public managers and personnel are forced to be short-term thinkers (Bason, 2011).

2.3. Diversity of Staff

The prevalence of diversity within an organization is critical to innovation. Mulgan and Albury (2003) state that innovations are the consequence of the ability of employees to see things differently. Authors agree that people with different backgrounds who work together are more likely to be

innovative, as well as diversity helps to enhance creativity, which is an instrument that paves new ideas to the surface (Yang, Konrad, 2011; Albury, 2005). For an organization to be successful, job descriptions should be defined less narrowly, by so creating a pool of candidates of diverse backgrounds to apply for a job, which as a result will give the selected individuals the freedom to consider a variety of approaches for the tasks they encounter (Armstrong et al., 2010). Harrison and Humphrey (2010) approve that staff diversity is crucial to the implementation of new ideas in an organization.

2.4. Innovation is everyone's responsibility

Innovations are the responsibility of employees throughout the organization. Hartley (2005) states that "innovation is as much bottom-up and sideways-in process as a top-down one", meaning that the traditional forms of sharing information, decision making, etc. are archaic and not appropriate for developing an innovation culture within the organization, especially in today's environment. A culture of innovation is when all employees share the same responsibility for the scope of innovation, they have to take the initiative to innovate, by generating ideas, exploring opportunities, identifying performance gaps or producing solutions to problems (Jong, Hartog, 2007). It is proven that 50 percent of innovations within the public sector come from mid-level managers and front-line staff. Frontline staff and mid-level managers shape employees attitude toward work, and thus influence their productivity and shape the entire organization (Gobble, 2012; Janssen, 2005). However, achieving successful innovations within the public sector, top-managements support for change often requires top-level career civil servants, which in addition give us the means to believe that recruiting young and new employees who may have a better grasp of technology and cutting-edge issues is essential for successful innovations (Esterhuizen et al., 2012; Fernandez and Rainey, 2006; Albury, 2005; Borins, 2001).

Organizations need to understand in depth the organizational processes of innovation development, which come through 'top-down policy' development, through 'bottom-up' innovation, which comprise of the activities of managers and staff in organizations, and through 'lateral' innovations, which means adopting good practices (Hartley, 2005).

2.5. Experiment and evaluation

Researchers pointed out that the public sector has an innovation deficit. This innovation deficit is explained as bias against risk and uncertainty, thus explaining why governments find service innovation so difficult. Public entities consider as waste the resources spend on experimentation, thus they struggle to minimize the "misuse" of public resources (Potts, 2009). Evaluations and experimentations are viewed as hazardous actions, although it is proven that trial and error are essential components to the innovation process (Borins, 2001). However, organizations have to create space and provide the necessary tools to their employees to experiment; it is essential for initiating innovation. Experimentation in the context of the public sector is about taking a calculated risk, and evaluations is about testing the results and use the finding to "expand, modify, or scrap the innovation" (Borins, 2001).

Authors have divided innovation evaluation in internal and external evaluation. The internal evaluation is about learning from successes as well as from failures (Joyce, 2007; Hartley, 2005; Borins, 2001), whereas external evaluation is related to the process of generating ideas. Organizations are encouraged to benchmark themselves against a best practice (Mulgan, Albury, 2003). Experimentation and evaluation are both important for innovative organizations oriented to maximize successful ideas over unsuccessful ideas (Moore, 2005).

The above building blocks serve as bases for cultivating a culture of innovation within the public sector. Support from the top is considered the catalyst of innovation. Rewards and awards are incentives, which motivate employees to consider new ways of doing things. A diverse staff brings new perspectives. Experimentation and evaluation provide the tools for testing new possible innovations. It is important to study the enablers of innovation in order to create a culture of innovation within the public sector domain.

3. Methodology
3.1. Mixed methods

Mixed method is a convergence of quantitative and qualitative methods (Driscoll et al., 2007). Complex phenomena such as organizational processes, change processes over time are difficult

to measure quantitatively (Curry et al., 2009). Quantitative methods are viewed as descriptive, because correlations between variables alone cannot drive to uncover the causes that generate the actual event that is being observed (Zachariadis et al., 2013). Researchers have described, quantitative methods as unsatisfactory and problematic. In contracts to the quantitative approach, qualitative methods are more capable of describing a phenomenon, in identifying interaction between complex mechanisms (Volkoff et al., 2007). However, findings through the use of qualitative methods may be unique to few people included in the research study; the results are easily influenced by the researcher's personal biases (Johnson, Onwuegbuzie, 2004). As a result, mixed methodology brings together the strengths of both quantitative and qualitative approaches, by generating more complete data, deeper understanding of the phenomenon, although it is time-consuming and costly (Johnson, Onwuegbuzie, 2004).

3.2. Sample
In order to achieve a better understanding of the main drivers/enablers of innovation in the public sector of Kosovo, most of the institutions from which consists the public sector are included in the sample. The study is spread across the public sector, which includes the central government, the local government and public corporations. Due to the potential of the study, we have focused our research in gathering information from the middle and top-level management employees, who are actively involved in decision making.

3.3. Sample structure and size
The structure of the sample includes local governments, central governments, and public corporations. These institutions are taken as a whole in the study. The institutions of study conceive general government activities or finance, education, social services, health and other areas. The questionnaire is distributed to 52 public sector managers. Regarding the qualitative approach, we have successfully completed 8 interviews in accordance with the criteria set to achieve a balance between the methods and to achieve a more comprehensive view of the findings.

Table 1. Participation of public institutions, according to activities

Activities	Distribution
General government activities or finance	15.40 %
Education	15.40 %
Social services	25 %
Health	5.80 %
Other	34.60 %
[Refusal]	3.80 %
TOTAL	100 %

3.4. Targeted personnel and geographic sample
The targeted personnel on the topic of research are public sector managers, who are actively involved in decision-making, which affect the innovation processes. The managerial level affects all aspects of innovation in the public sector (Sarros et al., 2008). For resulting to concise and definite conclusions, both research methods, the quantitative and qualitative instruments are targeted to the managerial level employees for data collection. The questionnaires are delivered to the middle-level public sector managers (head of department), or in smaller organizations where such functions do not exist, supervisor or project managers are the target group, and interviews with senior managers or general managers responsible for strategic-decision-making are conducted.

3.5. Draft of data collection questioning routes
For the purpose of achieving the objectives set by the researcher, two methods of collecting primary data are considered. In principle, there is a structured survey questionnaire, the "Innobarometer 2010" developed by "The Gallup Organization", and an open-ended questionnaire for interviews conceived through the use of the questionnaire mentioned above.

3.6. Quantitative research instrument

The quantitative instrument, which is used in this study, is the "Innobarometer 2010", developed by "The Gallup Organization", and used for studying the innovation strategies of the European public administration sector in response to changing constraints and opportunities. The Innobarometer brings the attention of the public on a regular basis, by a series of publications regarding innovation (Onisor, 2012). Furthermore, the development of public services is now a priority on the agendas of all policies on the European level. The European Commission proposed the use of "European Public Sector Innovation Scoreboard", which instrument is achieved through the use of the "Innobarometer 2010", which is devoted to an analytical study of innovation in the public administration.

This questionnaire was the most appropriate one since it is related directly with the aim of the study and research objectives. Some minor changes have been made in order to adapt it to the specific objectives of the study.

Main sections of the quantitative questionnaire include:

• Demographics and organization structure – general information about the participant's organization is marked as D questions, which are (D1, D2, D3).

• And (Q1 and Q2) will cover the drivers of public sector innovation and localized cultivation of an innovation culture, which are appropriate for accommodating objective O1 and O2.

3.7. Qualitative research instrument

The qualitative research instrument is an open-ended questionnaire for deriving information from senior managers of the public sector, which questionnaire is in line with the topic of research and with the objectives set by the researcher. The qualitative research instrument is derived from the original questionnaire used for quantitative data collection. The interview section or qualitative research questionnaire is comprised of a total of six questions, which relate to the understanding of the key drivers of public sector innovation and localized cultivation of an innovation culture. The outline is comprised of four questions, which are more focused, while the last three questions, give the space for participants to express their views freely on innovation within their respected institution and workplace.

3.8. Sampling procedure and data collection

Due to limited information and lack of public data availability, random sampling for quantitative analysis was questionable; therefore our sample is based on convenient factors (contact details) and snowball sampling strategy (networks) to find participants.

The data of employees working in the public sector were obtained from the Kosovo Agency of Statistics. However, there is not any significant statistic, which indicates the exact number of employees working in different levels of positions. The data were used to diversify our study approach. Names of each institution, telephone numbers and emails of senior management were obtained using public data available. This has served as a basis to create a list of general managers who work in the public sector. Using these data, and through network, we created a list of managers working in the middle level of management in the public sector to whom we distributed the questionnaire.

3.9. Data analysis methods

Data collected from the questionnaires are analyzed by using Statistical Package for Social Sciences (SPSS). Due to the topic of study, the analysis is mainly descriptive which relates to other studies done in this field. Then, qualitative data derived from the interviews are analyzed through a thematic analysis. Based on the methodological approach, data will be analyzed through comparison between both types of measurement tools; the quantitative analysis offers a statistical view while the qualitative analysis provides a more exploratory understanding of the topic under research.

4. Data Analysis and Findings

This section looks at internal and external drivers of innovations and localized cultivation of an innovation culture in the public sector.

4.1. Drivers of innovation

The single most important driver of innovation was the introduction of new laws and regulations. (35 %) of respondents indicated that new laws and regulations were very important factors in fostering innovation. New policy priorities were important innovation drivers for (67 %) of respondents, while only (29 %) said that such priorities were not important. The introduction of e-government or other online services played an innovative role, (58 %) of respondents indicated that they implemented new solutions related to mandated implementation of the online service provision. A mandated increase in the organization's budget was also a very important factor in fostering innovation (27 %). Furthermore, (27 %) of respondents said that a decrease in the organization's budget did play a role in fostering innovation.

Regarding the qualitative data derived from interviews, it can be said that former laws and regulations were essential in driving innovation. Interviewee P4 states: *"The main driver of innovation in my institution is the inheritance of problems, we had to face these problems with innovative actions, by introducing new regulations"*. While interviewee P1 and P5 consider *"financial constraints"* as an important factor in driving innovation. They consider that institutions are forced to become more effective and work more efficiently when they encounter financial constraints. The other five interviewees mentioned that only when they face problems, they tend to be innovative; they also stated that new laws and regulations forced them somehow to be more innovative in their working environment. So, in general, the interviewees consider the inheritance of problems, new laws – regulations and financial constraints to be main drivers of innovation.
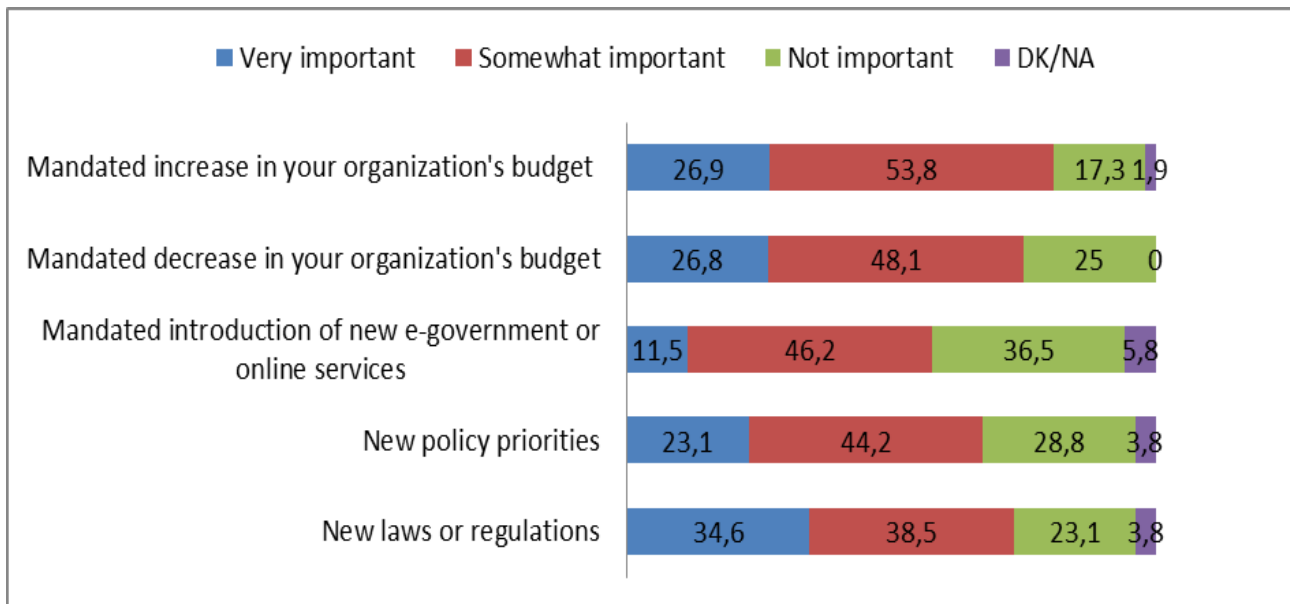

Fig. 1. Importance of various political or legislative factors in driving the development and introduction of innovations

Regarding the scope of activities, new laws and policy priorities were most likely to drive innovation in local level public institutions (new laws: 45 % and policy priorities: 31 %), while in the regional and national level, the introduction of new laws and policy priorities did not play and excessive role in fostering innovation (41 % and 18 %). Concerning the sectorial area, those who work on general government activities or finance and those who provide social services were more likely to implement innovations due to new laws (75 % of respondents in the sector of general activities or finance and 33 % of respondents in the sector of social services said that new laws were very important in fostering innovation).

Table 7. Very important' drivers of innovation, % by organizational background

	Mandated decrease in your organization's budget	Mandated increase in your organization's budget	New laws or regulations	New policy priorities	Mandated introduction of new e-government or online services
Size					
Less than 10 employees	20	20	0	0	0
10-49 employees	19	28.6	47.6	28.6	0
50-99 employees	75	50	12.5	25	12.5
100-249 employees	33	22.2	22.2	22.2	22.2
250-499 employees	0	16.7	66.7	33.3	0
500-999 employees	0	0	50	0	0
1000 or more	0	0	0	0	0
Geographic areas					
Local	31	34.5	44.8	31	17.2
Regional	17.6	17.6	23.5	17.6	5.9
National	33.3	16.7	16.7	0	0
Sector					
General gov't activities	25	25	75	50	37.5
Education	0	0	25	25	12.5
Health	66.7	15.4	30.8	15.4	0
Social services	7.7	66.7	33.3	33.3	33.3
Other	38.9	38.9	22.2	11.1	5.6

4.2. Innovation culture

The public sector innovation culture is a top-down approach of innovation (managers take an active role in developing and implementing innovations: 31 %), rather than a bottom-up innovation practice (staff has the necessary incentives to think of new ideas and take part in their development: 20 %). Innovations are partially evaluated after completion (14 %) and users are partially involved in designing or planning the implementation of new or improved services (54 % respondents indicated that).
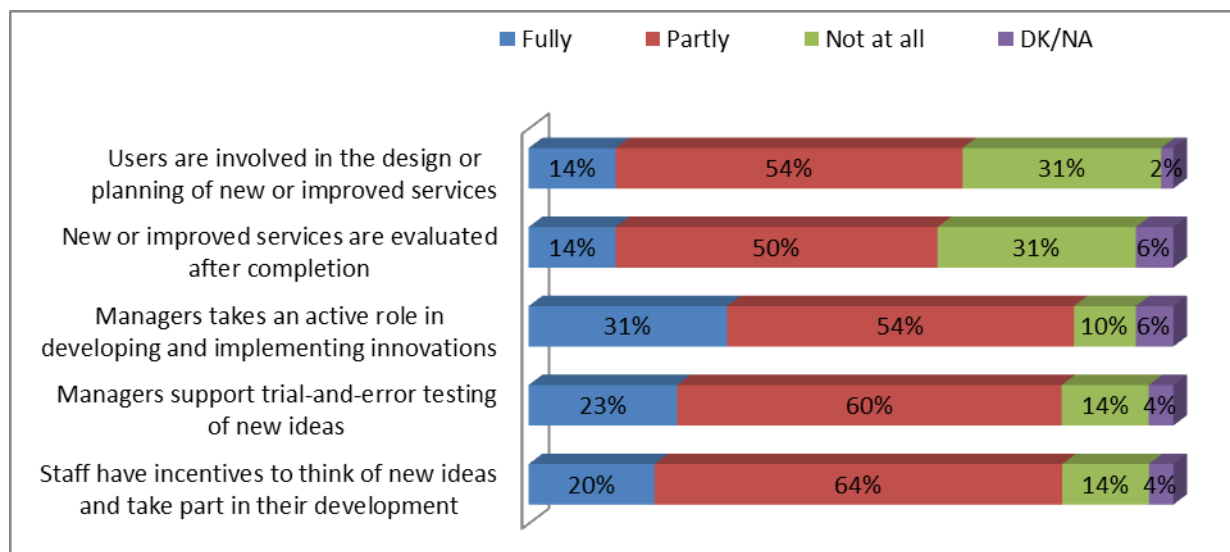
Fig. 2. Organisational attributes

Regarding the qualitative data analysis, interviewee P2 states that: *"Employees have the space to give ideas which can be incorporated in advancing the working environment, their ideas are welcomed to us as managers."* However, when the final decision is taken about implementing or not an innovative idea, interviewees with consensus indicate that it is the management, which has the last word, and staff has no direct authority in decision-making. Concerning the evaluation and experimenting of innovative ideas, interviewee P4 states as follows: *"We lack on financial resources to experiment new ideas, although when funds exist, we foremost participate actively in testing new ideas."* Concerning citizen participation in designing or planning new or improved services, interviewee P3 states: *"Citizens have the tools to proclaim their concerns and give recommendations, however, these recommendations are rarely incorporated in the decision making process."* Thus, when analyzing the information given from the eight interviewees in total, findings indicate that it is the management which takes the final decision and the staff is not motivated or incorporated in the decision making process. Another consensus among the interviewees was about the incorporation of recommendations coming from citizens, which recommendations are rarely taken in consideration.

5. Discussion and Findings

5.1. Drivers of innovation

Findings suggest that the most important driver of innovation in Kosovo's public sector was the introduction of new laws and regulations. This finding suggests that Kosovo's public sector has become more aware of the importance that laws and regulation have on innovation. However, an interesting fact found through data analysis is that the mandated introduction of e-government or online services has not been very important in driving innovation. Although, the literature suggests that the current condition of the public sector has to go beyond the e-government paradigm, and to accept open innovation, which model considers external collaboration and innovation between citizens and public administration (Munksgaard et al., 2012). Other findings are that the mandated increase/decrease in the organization's budget have played an innovative role. This is interesting, because the literature suggests that resources are essential to innovation, but when there is lack of resources, it is the role of a leader that motivates employees to be innovative (Weiss et al., 2011).

5.2. Innovation culture

The public sector of Kosovo has made some progress in adopting an innovation culture. Data analysis shows that managers do support experimentation of new ideas; they also take an active role in developing and implementing innovations. Experimentation is a very important factor in the innovation process; it is about taking a calculated risk (Borins, 2001). Moreover, managers take an active role in developing and implementing innovations, which is considered a very important factor in the innovation process overall (Sarros et al., 2008).

However, data analysis also indicates that the public sector has shown independence in engaging users in the designing or planning of new or improved services, also in evaluating the new or improved services after completion.

Regarding the literature, evaluation comes after experimentation, and it is important in testing the results and using the findings to expand or modify the final outcome (Moore, 2005; Borins, 2001). In addition to that, the most recent literature consistently indicates that the public sector has to engage citizens actively in designing and planning of new services (Hasu et al., 2011; Sundbo and Toivonen, 2011).

6. Conclusion

Concerning the drivers of innovation in Kosovo's public sector, the most important drivers found were the introduction of new laws and regulations. Regarding the introduction of online services, they have not been of paramount importance in driving innovation. Nonetheless, mandated increase and decrease in the budget have both played a role in the overall innovation processes.

The public sector of Kosovo has made some progress in developing an innovation culture. Managers do support experimentation of new ideas and do take an active role in developing and implementing innovations. However, they have failed to consider the most important factor in developing an innovation culture, which is user integration and participation in designing and planning of new or improved services. Therefore, public sector managers in Kosovo have to work on understanding the importance that the integration of service users has in cultivating an innovation culture.

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