

Openness in policy and governance

What does openness in policy and governance refer to?

Openness in policy and governance refers to the participation in various stages of the policy cycle of actors other than policy makers in governmental organisations. These actors include those directly targeted by policy intervention, e.g. business firms, and those that have a role with respect to overall policy goals, e.g. citizens. Different situations as well as different national policy styles influence the scope of openness, both its breadth and depth. Some countries have longstanding traditions of multi-stakeholder consultation and deliberation in the policy cycle; in others such practices are much less developed. The many motivations for opening policy processes and governance include the following:

- **Information asymmetries.** In many policy contexts, a situation of imperfect information holds, where policy makers do not possess all the information relevant their decisions. Involving stakeholders is a means of collecting distributed information that is not readily available.
- **Goals endorsement.** When stakeholders are associated with the formulation of policy goals, the likelihood that those goals are well understood and endorsed by them increases.
- **Alignment of strategies.** Stakeholder involvement helps them align their agendas at both strategic and at operational levels with the overall policy goals and also with their fellow stakeholders.
- **Trust building.** Engaging stakeholders in the policy-making cycle helps improve communication and mutual understanding between them and policy makers. This helps create the climate of trust needed, notably, to carry out monitoring and evaluation functions effectively.

Openness practices are varied, again reflecting different policy situations, as well as different national policy traditions. For example, they can range from being light, temporary and informal to being more structured, permanent and formal arrangements. They can have a direction that is more top-down (from policy makers to stakeholders) or more bottom-up (from stakeholders to policy makers). Consultation is the most frequent mode of association at policy formulation stage. At the policy implementation stage the modes vary from lighter forms such as information exchange towards deeper forms such as the use of public-private partnerships.

Why is openness particularly relevant for innovation policy?

The increasingly distributed nature of innovation, as well as changes in policy practices, emphasises the importance of openness in policy and governance practices for the following purposes:

- An **interactive view on innovation** implies that innovation takes place through partnerships and collaborations, and within the context of multi-actor “innovation eco-systems”. Moving away from a linear view of innovation means that policy tools increasingly need to be fine-tuned to complex configurations of innovation actors.
- An **“open innovation”** view acknowledges a shift in the dominant mode of knowledge production, from knowledge produced in a context governed by the interests of disciplinary scientific communities (mode 1), to one in which knowledge is produced in a context of its

application and more oriented to societal and economic needs (mode 2). Hence, mode 2 knowledge is seen to be co-produced by a more socially distributed range of actors that supply and use knowledge useful for innovation. This paradigm shift implies that innovation policies need to target, get information and mobilise resources from a wider range of actors (OECD 2010b).

- From a policy perspective, increased demand for accountability and the move towards impact-oriented innovation policies call for more effective monitoring and evaluation systems. Innovation policy also increasingly allows for experimentation, which goes hand in hand with more strategic monitoring and evaluation approaches. Developing sensible, adapted and detailed indicators as a basis for these monitoring and evaluation systems requires the collaboration of the target groups for the policies (Barca and McCann 2011).
- Strategic policies incorporate a prioritization process, whereby policy action concentrates on the most important functions or activity domains in an innovation system. This process requires active participation of stakeholders to identify those areas with greater potential for knowledge-based development (c.f. the entrepreneurial discovery process in **smart specialization** strategies).
- **Policy persistence and policy lock-in** can be a problem, caused by the capture of the policy-making process by individuals or organizations that defend vested interests and impede changes in policy systems. Actors representing dominant sectors, disciplines, technological regimes or modes of innovation tend to be over-represented in the policy-making process and the consultation and related lawmaking processes. One response to this problem is to pro-actively engage stakeholders with the view to correct this imbalance. This involves a balanced choice of stakeholders and setting up procedures to give more voice to those engaged in innovation at the fringe of the dominant modes, possibly leading to disruptive innovation and a change in development trajectory. Engaging “boundary spanners”, i.e. people or organizations with the capacity to create bridges between policy silos, is an effective way to address the policy lock-in problem (EC 2012). Obviously stakeholder involvement can act the other way round, i.e. increasing policy lock-in, if vested interests are given disproportionate power in the policy-making process.

The scope of innovation stakeholders

The range of stakeholders that fruitfully can be mobilised for policy formulation and implementation is wide. One key consideration is to give demand-side actors—most crucially businesses—a prominent role in order to balance the influence of knowledge creation and knowledge absorption in the policy system. The legacy from linear innovation policies often means that this balance is biased towards actors involved in knowledge creation. Categories of innovation stakeholders are as follows:

- **Private sector stakeholders.** These are the foremost innovative firms and their representatives. Here the challenge is to give voice to the diversity of firms, with different innovation potential and support needs (e.g. multinationals, high-tech spin-outs and spin-offs, gazelles, private research institutes, SMEs with local markets, social enterprises). Small-scale innovators in more traditional activities are typically poorly supported by policies and are not engaged in interactions with policy makers, due to limited time and resources. Other relevant private sector stakeholders are investors such as banks, business angels and venture capitalists.
- **Research and education providers:** This category includes a large variety of actors with a dominance of public sector status, that are involved in knowledge production and diffusion and skills upgrading (universities, high schools, vocational training schools, lifelong learning organizations, public research centres, technology centres, technology transfer

organizations, technology parks and incubators, among others).

- **Public-private partnerships.** Joint ventures between the first two types of actors play an increasingly important role as new actors in innovation systems. They typically take the form of competence centres, clusters, competitiveness poles or living labs where innovation is co-developed in interaction between public and private actors. Actors engaged in technology transfer and innovation support (such as various kind of intermediaries) are more frequently organized as public-private partnerships.
- **Citizens and NGOs.** Living labs are a mode of organization aimed at engaging user communities, not only as observed subjects but also as sources of innovation. They typically offer a central role to end users, which may include citizens either participating as individuals or through NGOs representing various interest groups. Policies targeting social innovation in particular benefit from citizen's involvement. This last category distinguishes the traditional "triple helix" configurations (public authorities, knowledge-producing organizations and private sector entities) from the "quadruple helix" configuration, adding innovation users (Arnkil et al. 2010).

Success factors for effective stakeholder involvement

Successful mobilisation of stakeholders in innovation policy depends on (OECD 2010b):

- **Effectiveness of leadership.** The presence of credible and legitimate leaders is necessary to organize the sensitive process of stakeholders inclusion and manage a balanced integration of their (often divergent or conflicting) views.
- **Existence of a clear and well articulated vision.** Communicating a vision for innovation in a given environment, in a transparent and comprehensive manner, helps actors to mobilize and engage in the various stages of policy-making process.
- **Strength of power bases:** In a complex policy area such as innovation, decision power is often shared among several key actors. In order to reach decisions, two types of power bases can be activated: the monetary base, applicable when public money is allocated to certain goals and tasks and is distributed on the basis of achievements, and persuasive arguments grounded on evidence gathered and collective consensus achieved through debates.
- **Autonomy of actors:** Aligning visions and strategies requires a sufficient degree of autonomy from stakeholders, as well as the possibility for them to contribute to the policy debates.
- **Learning capacity of actors:** Stakeholder involvement is an interactive process that requires the capacity to access and use the knowledge provided by others in order to achieve common visions, adequate strategies and feedback loops from implementation to strategy development. Stakeholder mobilization in policy making is a time-consuming process; weak policy learning orientation will result in a lack of appreciation of its potential contribution and reluctance to devote the necessary time and resources for it.
- **Willingness to take risks.** A positive attitude to risk-taking in policy-making circles must be cultivated in political leaders who are often reluctant to undertake policy initiatives where possible unintended or unpopular consequences may arise and where their response tends to be short-term thinking and a preference for the status quo (OECD 2005).
- **Social capital and network linkages.** These ties within an innovation system facilitate cooperation and favour in-depth exchange of information.

What other topics relate to openness in policy and governance?

- **Strategy and policy coherence.** A key dimension in achieving strategy and policy coherence for innovation is to understand, manage and resolve conflicting views on the expectations on the nature of innovation policy contributions. This is crucial for establishing goals for innovation policy to which the policy mix will respond. Involving stakeholders is an important means for understanding and aligning prevailing views.
- **Direction-setting processes.** These processes typically benefit from openness practices, particularly in segmented institutional landscapes where the problem of imperfect information for those who take policy decisions is especially acute.
- **Policy learning processes.** Openness is an important component of the policy learning processes in which policy makers are engaged. Learning takes place not only within and across policy organizations but also within the wider innovation system. Exchanging knowledge with stakeholders (as well as with external experts) is a key source of learning for policy makers.

What policies relate to openness in policy and governance?

Mobilising stakeholders for policy design

Science and innovation councils, taking different shapes, fulfill advisory and consultative functions for the design of innovation policy, producing reports and advice with important impacts on policy decisions (OECD 2010b). They usually involve a representative membership of innovation stakeholders, with science and business communities often key players (universities, public research institutes, business/employers representatives and labour unions); however, representatives of diverse interests of civil society can also participate (e.g. political parties, environmental NGOs, citizen associations, and so forth). Specialized parliamentary committees perform an advisory role at the stage of policy preparation, but it is rare that such committees focus on innovation per se (technology assessment is more common).

Besides these structural and permanent mobilization arrangements, more ad hoc temporary mobilizing tools can be used, including broad consultation exercises within a variable mix of activities in the form of working groups/task forces and plenary conferences (e.g. “consensus conferences”, roundtables, constituency meetings, information gathering sessions, hearings) and interactive websites, often supported by studies or analytical exercises.

Mobilising stakeholders for policy implementation and evaluation

The implementation of innovation policies can be partly delegated to bodies that are closer to beneficiaries, in order to exploit their assets in terms of detailed knowledge of these beneficiaries and their credibility towards them. Typical examples of such decentralized pattern in policy implementation are **cluster organizations**, to which some tasks traditionally executed by governmental agencies can be allocated.

Policies of an experimental nature are implemented through pilot projects, in which the collaboration of stakeholders in defining, implementing and drawing lessons from the pilot projects, is necessary and generates their close connection to policy-making circles.

Stakeholders can also participate in innovation policy-making at the monitoring and evaluation

stages; giving some degree of freedom to agents in charge of implementing programmes or projects to define goals and associated output and impact indicators, which results in their closer involvement in policy-making. In doing so, they are co-defining the shape of policies and becoming partners in their subsequent fine-tuning. This helps create a common information and understanding about the objectives and nature of policy instruments and fosters public debate on higher level policy objectives.

References

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