

IZVIRNI ZNANSTVENI ČLANEK – ORIGINAL SCIENTIFIC PAPER

# INNOVATION POTENTIAL OF PUBLIC AND PRIVATE SECTORS' COOPERATION IN KNOWLEDGE-INTENSIVE SERVICES IN SLOVENIA

## Inovacijski potencial javno-zasebnega partnerstva na področju na znanju temelječih storitev

### 1 Introduction

The evidence suggests that the innovation potential in services has been insufficiently exploited in countries that have recently joined the European Union<sup>2</sup> (Stare and Bucar 2009; Stare 2007; Inzelt 2002). The lack of attention to the innovation potential in the service sector and its exploitation may in the long run be one of the key factors for slower growth and development of NMS and may restrict their possibilities for closing the gap with the more developed countries. This situation is all the more important given the considerable upswing of services' shares in the value added and employment since the early 1990s. In addition, the interlinkages of services with other sectors of economy have increased, implying that service innovation has considerable impact on innovation activity in the total economy. Furthermore, the innovation in services is not limited to market services, but is equally important in public services<sup>3</sup> (per Koch et al. 2006), having a substantial effect on the budget spending and citizens' welfare. Thus, the introduction of new modalities that will promote and support innovation in the service sector is highly desired as it is expected that more dynamic innovation in the service sector could provide additional impetus to growth and enable a more dynamic catching-up process. One such recent modality is the formation of public private networks, through which new innovative services can be developed and promoted.

Our aim is to reveal the key features of public private innovation networks in knowledge-intensive services in an institutional setting of the NMS, where some specific features might impact the cooperation between stakeholders from public and private services. The evidence in Slovenia thus far suggests that different forms of public-private cooperation exist; however, they are rarely perceived from the perspective of generating innovative services or innovative organisational solutions. Based on a case study approach, we explore the role and motivation of individual stakeholders to enter such a partnership.

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<sup>2</sup> NMS will be used as the abbreviation for New Member States throughout the text.

<sup>3</sup> Public services include education; health and social work; public administration, defense, and compulsory social security; other community, social, and personal services; and private households with employed persons.

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### Abstract

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Based on a case study approach, the major objective of the paper is to examine the features and potentials of public private innovation networks (PPIN) in knowledge-intensive services in Slovenia. We explore the role and motivation of individual stakeholders to enter PPIN and identify drivers and barriers for successful implementation of the tasks. The analysis also evaluates the institutional framework and assesses its role in stimulating such partnerships. The paper concludes with an assessment of the role of PPINs in promoting innovation in services in transition countries in view of the Slovenian experience.<sup>1</sup>

Keywords: public private partnership, innovation, knowledge-intensive services, Slovenia.

### Izvleček

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V prispevku so na osnovi študij primerov analizirani značilnosti in potenciali javno-zasebnih partnerstev oz. omrežij na področju na znanju temelječih storitev v Sloveniji. Avtorice zanimajo vloge in motivi posameznih partnerjev za vstop v omrežje kakor tudi spodbude in ovire pri uspešnem uresničevanju skupne dejavnosti. V analizo je zajet tudi institucionalni okvir za javno-zasebna partnerstva in njegova vloga pri spodbujanju tovrstnih povezav. Prispevek se sklone z oceno vloge javno-zasebnih partnerstev pri spodbujanju inovacij v storitvenem sektorju v državah v tranziciji v luči slovenskih izkušenj.

Ključne besede: javno-zasebno partnerstvo, na znanju temelječe storitve, Slovenija.

JEL: O31, L32

We focus on the identification of key determinants affecting stakeholders' decisions to enter the partnership. In addition to examining "internal" objectives of stakeholders, we attempt to assess the influence of the broad institutional environment for the evolution of public private innovation networks in NMS. In these countries, service innovation is not a clearly defined and appropriately understood phenomenon due to the predominantly technology-biased understanding of innovation. This is reflected in institutional framework and policy measures developed thus far to support service innovation (Bucar and Stare 2009). Our hypothesis is that the insufficiently developed institutional framework makes important impacts on the form of public private cooperation as well as on the dynamics of the development of such cooperation. On the other hand, the adoption of new concepts in innovation, such as open innovation and user-driven innovation, might have been delayed due to cultural specificities.

The structure of the paper is as follows. First, the definition of the public private networks in the service sector is given. In the core part of our paper, the four case studies of public private innovation network (PPIN) in various knowledge-intensive services are briefly presented. Finally, our findings in a specific Slovenian environment are translated into a broader context of service innovation thematic in NMS, along with possible policy implications.

## 2 Public Private Innovation Networks

It should be pointed out from the outset that the concept of PPIN is relatively new and significantly differs from more well-known public private partnership (PPP). The most common understanding of the latter is the one seen in public administration literature in the context of new public management (Pollitt 2003; Pollitt and Bouckaert 2004 – taken from Fuglsang 2009a)—namely, a joint approach to the implementation of a larger infrastructure investment, especially in building roads, hydroelectric power dams, waste-treatment facilities, etc. OECD defines a PPP as an agreement between the government and one or more private partners (which may include the operators and the financiers) according to which the private partners deliver the service in such a manner that the government's service delivery objectives are aligned with the private partners' profit objectives and where the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners (OECD 2008: 17).

In addition, the Slovenian law regulating PPPs (Official Gazette 127/06) refers specifically to private investment in public projects and/or public co-financing of private projects in public interest. The law is based on the EU green paper on PPPs, focusing on community law in public contracts and concessions (EC 2004), and aims to promote private investment in infrastructure and services of public interest (GZS 2009). Except for a brief reference that such PPPs can promote the use of knowledge and experience of the private sector, no mention of partnership with a view of promoting innovation activity can be found.

On the other hand, the networked PPP is defined as a "loosely coupled public-private relations (including networks and general policy relations)". It constitutes "non-institutionalized network based policy relationships between private and public actors" (Fuglsang 2009a). Such arrangements are the prime targets of our analyses, since the very character of such loose relationships could be more fitting to innovation in services—especially since they change focus from financing and risk sharing to innovation and development and from formal partnership (long-term contracts) to networking.

The purpose of the service public private innovation networks (ServPPINs) has been specified in literature on innovation in services as follows (ServPPIN and EU 2008: 8):

- ServPPINs bring together and develop complementarities and synergies amongst public and private service organizations.
- ServPPINs identify and develop mutual positive feedbacks between productivity and welfare.
- ServPPINs coordinate cooperation between public authorities and the private businesses.
- ServPPINs are agents that promote structural and technological change in others sectors of the economy.

ServPPINs can therefore be defined as collaborative arrangements between public and private organisations that are broader than PPPs. They promote change and coordinate cooperation between public authorities and private businesses in an attempt to combine productivity and welfare increases. ServPPINs should also be thought of as more open, flexible, and holistic frameworks than PPPs, which tend to constitute more closed relations among actors with predefined roles and tight formal procedures. It is also important to be aware of the social aspects of PPINs. They are a place for social interaction and the building of social relations beyond innovation. Social relations can be useful in the long term because, when people know each other, it makes it easier to establish a new network in the future. It is often a condition for innovative success as the latter services are very dependent on social interaction (Sundbo 2009). In the selection process of the case studies, we followed the main distinction of ServPPINs: The innovative component of the networking was given priority over formal institutionalisation framework.

## 3 Evidence from Case Studies

Four case studies of PPIN were conducted. PPIN is not a well-known or applied form of cooperation between actors from public and private spheres. In the Slovenian context, where even a more standardised form of public private partnership is a rarity, the very deed of forming such a network can be considered an organisational innovation if it is successful. As the selected cases will show, the level of involvement of individual partners in the PPIN can be quite different in each case, just as the level of institutionalisation

of the networks can differ. The very novelty of the format of the cooperation can be observed in its relatively loose management and governance structures. Our case selection is therefore not based on the level of formality of the partnerships, but primarily on the innovative content around which the PPIN developed. Each case revealed one or more types of innovation in services.

This led us to the identification of the following four cases:

- PPIN related to the Bank of Tourism Potentials in Slovenia
- Computer literacy and ECDL training innovation network
- Golden Thread—a PPIN in human resources and knowledge services
- Venture factory—a PPIN related to the promotion of entrepreneurship.

### 3.1 Bank of Tourism Potentials in Slovenia

Bank of Tourism Potential in Slovenia (BTPS)<sup>4</sup> is a web-based portal where individuals, tourist boards, public institutions, and companies contribute ideas and energy<sup>5</sup> to the field of tourism development. BTPS presents a new approach to connecting actors who can contribute to a faster and more efficient exploitation of the opportunities in Slovenian tourism at all levels. The objective of BTPS is to spur the innovation in tourism by harnessing people's creative potential, enabling them to share and develop their ideas from the concept to the entrepreneurial undertaking. BTPS is an organisational innovation enabled by the advanced technological platform that establishes direct communication among stakeholders. In addition, the BTPS generates product and process innovation by introducing and implementing new ideas for tourist products/services in Slovenia. The collaboration among stakeholders evolved as a bottom-up innovation network of significant flexibility based on the principles of open innovation. Despite the very recent origin of BTPS, the results are encouraging; due to well-prepared promotion activities and the integration of educational institutions, the BTPS is evolving very dynamically.<sup>6</sup> In several cases, business projects have been implemented.

Decisive drivers in launching BTPS were the key individuals' initiative, leadership, and social relations among them established during previous projects. A prominent role was played by the key actor and his concepts on how to promote the generation of ideas for innovative tourist products as a systematic and ongoing process. While

employed by the public university, he acted as an enthusiastic entrepreneur, not as a public employee. However, the breaking point that made the launch of BTPS possible occurred when two institutional stakeholders—the Slovenian Tourist Board and the Directorate for Tourism at the Ministry of Economy—decided to support the idea of BTPS. This brought additional credibility to the project that was particularly needed to attract early stakeholders that could contribute funds, knowledge, and other resources. Thus far, the greatest barrier for a more rapid unfolding of BTPS seems to be the weak interest of the major tourist companies in Slovenia. Due to fairly rigid organisational structures, these companies are somewhat hesitant to recognise the flexible and loose structure of BTPS as a promising network for generating innovations in tourism. They rather stick to the traditional approach to innovation that is more closed and focused on in-house sources of innovation, leaving the potential of external sources untapped. It appears that the prevailing pattern of their business culture hinders the adoption of the open innovation concept and demand-driven innovation. BTPS brought about increased awareness among different stakeholders of the need to innovate in tourism as well as the recognition that networking among them is an important driver of innovative services. Public private collaboration within BTPS has brought a gradual shift in acknowledging different assets that matter in supporting the development of tourism, particularly soft assets important for policy shaping. The impact of successful implementation of BTPS as an open innovation platform can also be perceived from the perspective of transferring good practices to other areas of cooperation between public and private stakeholders.

### 3.2 Computer literacy and ECDL<sup>7</sup> public private innovation network

The Ministry for Labour, Family and Social Affairs (MLFSA) introduced computer literacy and ECDL training into the programmes of re-skilling of the unemployed and de-privileged groups of the population in cooperation with the private companies and not-for-profit institutions as providers of training. ECDL training is offered by private companies as a regular market activity, but the demand for these services was limited at the beginning of the new millennium in Slovenia. Few private companies perceived the opportunity to integrate ECDL training into the existing public programmes of training for the unemployed and de-privileged groups of the population. The MLFSA considered its initiative to be relevant and authorised the Employment Service of Slovenia to undertake follow-up activities. In the beginning of cooperation between the private companies and the public sector, only three companies (SPIN d.o.o., ISA.IT d.o.o. and partnership KOPA d.d. & A.L.P. Peca) partnered with the public sector organisations at the national and regional levels. As cooperation evolved, additional private companies, not-for-pro-

<sup>4</sup> <http://www.btps.si/Default.aspx?lng=en>

<sup>5</sup> This refers to financial and material resources and knowledge, such as funds to prepare a business plan, favourable credit terms, or mentorship support provided by an expert.

<sup>6</sup> In May 2009, BTPS received an international award for its innovative approach from the World Tourism Organisation.

<sup>7</sup> European Computer Driving Licence.



fit organisations, and public sector institutions joined the network. The successful roll-out of cooperation was underpinned by favourable policy framework (strong policy push toward building the information society and investing in human resources; promotion of computer literacy training as a part of the active labour market policy) and backed by the funds from national and European sources. Some collaborative programmes were executed throughout Slovenia, and the effects were spread throughout the country, while others were of a more local character. The acquisition of computer skills by de-privileged groups empowers these population groups to actively search for jobs and use a range of e-services as citizens, mitigating the risk of a digital gap.

The benefit for private companies for such cooperation was the broadening of the customer base for ECDL training beyond regular market activity. Organisational innovation made this possible through the involvement of the public sector in pursuing its policy goals. The training services were provided to the unemployed and de-privileged groups not able to pay for these services themselves. Another type of innovation introduced to the cooperation between public and private stakeholders relates to the new method of ECDL training: e-learning as a complementary mode of the training (a process innovation) that considerably contributed to the successfulness of the collaboration. In addition, a large number of beneficiaries of ECDL training returned to the labour activity, saving substantial funds previously allocated to social transfers. Moreover, re-activating persons at the margin of society into the work process helped promote the social integration of those people. The driving forces behind successful cooperation were key entrepreneurs with a good knowledge of the problems in the local community and well-established personal networks. Their social and communication skills, shared experience, empathic attitude toward trainees from de-privileged groups, and the capacity to see beyond basic entrepreneurs' motives substantially contributed to the success of the programmes carried out within the network. Public sector actors were more focused on administering the programmes and executing routine tasks. The barriers for exploiting the existing PPIN further are related to built-in systemic rigidity of the public sector in managing the programmes of cooperation with the private sector. The public sector tends to standardise the services provided by the private sector while the latter expects more flexibility. This narrows the scope for innovation by the private sector and discourages new modes of service provision. The interactions among various stakeholders within the respective PPIN have helped create new ideas, approaches, and solutions that address commonly identified problems and have increased the confidence among stakeholders from the private and public sectors. Even so, private sector actors believe that the opportunities and potential enabled by PPIN could be better exploited and good practices transferred to other areas of collaboration between public and private sector.

### 3.3 Golden Thread—PPIN in human resources and knowledge services

Golden Thread is a media research project launched by Dnevnik, one of the largest media houses in Slovenia, in cooperation with Mediade, a small innovative publishing enterprise, and a number of other partners. The partnership developed from the bottom up through a private initiative as a semi-formal network that included both public and private partners<sup>8</sup> (media house, private business service providers, the Ministry, university) cooperating in various “sub-networks”. The project gathers enterprises' good practices in the field of human resource management (HRM) to promote the research and exchange of knowledge. Monitoring HRM processes and practices at a national level enables the research of efficiency of HRM practices and results in the selection and the promotion of “best employers of the year” in different categories of enterprises (national competition) as well as the dissemination of the list of top 101 employers and their good practices and several other “side products and services”, such as databases, research activities, teaching materials, training modules, and events. The detailed and systematic monitoring of HRM practices developed into an innovative platform that sped up not only the exchange of HRM best practices, but also research and training, stimulating a range of sub-networks and new services.

The main objective of the network has been to build the awareness that human resources and knowledge are vital sources of development and growth, but are currently underexploited in Slovenia.<sup>9</sup> The field research and demonstration of good practices have been expected to improve the knowledge about the importance and efficiency of HRM and awareness that the best employers attract the best talents and vice versa. Tracing good and innovative HRM practices has induced interactions and further innovation in HRM practices, training, and organisational learning.

Started in 2007, the Golden Thread developed rapidly, and its results surpassed the initial idea and expectations. The project successfully integrated various partners from the private and public spheres. The Golden Thread has become well recognised in Slovenia due to both its business model and wide media coverage (thanks to the rich experience of key actors) as well as the large response of enterprises and increasing demand for its content. The project succeeded in building a platform that stimulates communication, cooperation, research activities, training, knowledge-sharing, and spill-over effects of good HRM practices.

<sup>8</sup> Detailed organizational structure and actors involved can be found at <http://zaposlitev.dnevnik.si/zlata-nit/organizacijska-struktura/>

<sup>9</sup> Leadership, HRM, and innovation as the elements of business practice traditionally neglected in the socialist enterprises and society as a whole were also underutilised during the transition period. Standardisation and technological advancement were emphasised more than “softer” elements needed for restructuring. Liberalisation, deregulation, and entry to EU changed the business environment in the transition economies and forced Slovenian enterprises to use all the resources more efficiently and respond to the market needs faster.

This led to numerous new ideas and innovations (new HRM practices, increasing research capacities and changing research behaviour, awareness building and use of new communication channels, organisational learning, training development, etc.).

The initiative stimulated the participation of the most successful Slovenian enterprises. The research has shown that the productivity, the innovation capacity, and the profitability of the sample enterprises were much above the Slovenian average and thus indeed provided a collection of several good practices. Gathered information and case studies that were built as a result of the selection process represented a very good source for HRM managers (and top managers), consultants, training firms, and public education and research institutions. The large database motivated the researchers and university teachers from various fields (HRM, finance, marketing, psychology, sociology, entrepreneurship, etc.) to conduct field research and interdisciplinary research. Monitoring HRM practices was further introduced in the public sector, where a special ranking was created in 2010. After two years of existence, this PPP can be evaluated as a successful and innovative network.

### 3.4 Venture Factory—PPIN related to the promotion of entrepreneurship

Venture Factory (*tovarna podjetmov*) is a public private network that combines the university incubator, entrepreneurship support centre, organisers of various promotional and scientific events in area of entrepreneurship and innovation, small business network, career centre, and high-tech innovation promotion centre with IT assistance (Microsoft Innovation Centre), etc. This wide spectrum of activities has been developed through various partnerships, adjusting to the interests of both the public and private partners as well as to the challenges in the entrepreneurial environment in the region and the country.

Over time, several new services and partnerships have developed within the Venture Factory. With its consultancy network, it qualified as one of the partners in the voucher programme, operated by the Public Agency for Promotion of Entrepreneurship and Foreign Investment (PAEFI). The programme offers SMEs and individual entrepreneurs co-financing for business consultancy services,<sup>10</sup> with PAEFI-certified consultants. Venture Factory is involved in various trainings and workshops for entrepreneurial skills. A new service was developed in 2009, sponsored by PAEFI, targeting potential entrepreneurs: a week-long workshop called “Entrepreneurship school”, where participants receive basic information on the entrepreneurial environment in Slovenia, including financial and fiscal systems, as well as prepare their business plan using mentorships.

An innovative service targeting students as well as young graduates was developed in 2008, offering them assistance in career management. The range of possible assistance from the career centre is broad: from short consultation on appropriate study/training profile to more extended job consultation or writing a CV and training for the job interview. In addition, legal advice on setting up independent business or signing an employment contract is provided. By 2005, the Venture Factory had started working on a “stock exchange” of business proposals, offers, knowledge and skills, venture capital offers, challenges, and ideas. Registered members of the factory can exchange their ideas online and eventually through the network to develop a business proposal.

A novel service is the cooperation with Microsoft by hosting the Microsoft Innovation Centre (MIC). The possibility of locating education/training facilities in the Venture Factory was a win-win situation for both partners: Microsoft found a ready-made location where start-ups and SMEs have already been attending various trainings, workshops, and consultancies while Venture Factory had another high-quality service to offer its members in the university incubator and other interested SMEs. Similar cooperation has been developed with the second largest Slovenian bank, located in Maribor. The bank needed to expand services for its business clients, especially small entrepreneurs. This led to establishment of partnership agreement under which the NKBM outsources its advisory services in the area of entrepreneurship to the Venture Factory.

Venture Factory is thus an innovation network with rather flexible partnership arrangements: some of them based on more formal ties and on principles of co-production of services while others are very open, flexible, and closer to the open innovation concept. This framework allows for different innovative ideas to be easily incorporated, bringing together interested partners from private and public sectors. Through the innovation network, different types of knowledge-intensive services have been introduced into the Slovenian entrepreneurial environment, giving impetus to faster growth of SMEs. On the one hand, the very concept of the Venture Factory is thus an organisational innovation. On the other, the network proved to be a fruitful foundation for continuous new knowledge-based service innovations.

### 4 Assessment of the Role of PPINs in services in NMS

The comparative overview of four PPIN case studies reveals that diversified types of innovations appear in their frameworks—from product and process innovation to organisational innovation. Taking into account the context of a transition economy, the overview allows for the putting forward of some preliminary conclusions on the possible role that PPINs could assume in NMS. In doing so, we refer to some of the concepts and explanations of service-sector PPINs, proposed in the ServPPIN project (ServPPIN and EU 2008), to determine how the properties of analysed PPINs align with these concepts.

<sup>10</sup> For details, see the PRO INNO Support measures site: <http://www.proinno-europe.eu/index.cfm?fuseaction=wiw.measures&page=detail&id=8417&CO=19>

In his discussion on the development of a new service paradigm, Windrum (2009: 10) suggests that “a new service paradigm may arise against a historical vacuum, filling a newly defined need for which there was no historical precursor. But most likely this situation is the exception rather than the norm. Most new paradigms arise in a situation where there is already an established paradigm.” We would argue that, in the Slovenian environment (and very likely in NMS in general), most knowledge-based business services did in fact start to develop in a historical vacuum, with no previous paradigm.

As seen in the work of Stare (2007), the level of knowledge-intensive business services (KIBS) development, as exemplified by their share in value added and especially the innovation activity, is fairly low despite the growing importance of the service sector for the national economy. Following Windrum’s argument of obstacles that new service paradigms displacing existing paradigms encounter, we suggest that the non-existence of a particular paradigm can also represent a barrier to innovation in KIBS. At least two concepts need to be adopted more widely by stakeholders in national economies of transition countries. The first is the understanding of the importance and contribution of the service sector for growth and competitiveness in a direct way and indirectly through increased interlinkages with other sectors. After all, these countries are dominated by service activities, and their power is still on the rise. These facts are poorly translated into policy shaping in various areas (e.g., education, innovation, skill needs). The second refers to the broadening of the “technologist” definition and approach to innovation. Both concepts are related to mindset changes and had to “displace” the former socialist understanding of material production as the only source of value added and technical innovation as the only type of innovation. Thus, although we cannot talk about displacing a particular service paradigm, we can observe a shift in the techno-economic paradigm as defined by Perez (1985) and Freeman and Perez (1988).

In several of our case studies, the innovative firms (or even innovative individuals) identified the need for a new type of services or new organisational approach in delivering services. They were able to encourage and mobilise public private networks to implement their ideas, supporting Windrum’s (2009) argument that “a necessary condition for a paradigm substitution is the existence of innovative firms that are developing the new paradigm products/services”. The fact that established firms are often locked into the old innovation paradigm was observed in the BTPS case, where the large tourist firms are reluctant to acknowledge the innovative approach provided by the BTPS. This indicates that the established firms have specialised organisational capabilities and routines tailored to the old paradigm over many years (Windrum 2009: 25). Only after the new innovative firms had developed sufficient strength could new services enter the market—and in a novel way.

Following the reasoning of Windrum, identifying a set of necessary conditions for a service substitution (*ibid.*:

38) in which “the development of a new service paradigm requires the development of a ‘new policy model’”, we found evidence in our case studies to confirm this. We observed a policy shift towards the particular area addressed by the service innovation: active employment policy in the case of ECDL, entrepreneurship promotion policy in the case of Venture Factory, promotion of active HRM in the case of Golden Thread, and the broadening of policy instruments in tourism promotion in the case of BTPS. The success of the PPINs studied depended on a new policy model that complemented the old policy model. The policy change did not occur in a vacuum, but was a result of the entrepreneurship of public and private sector stakeholders who were able to develop—through ServPPINs—service innovations. Our case studies show that these public and private sector entrepreneurs adopted “out of the box” approaches in conceptualising and implementing service innovations in production and delivery.

One of the significant barriers to faster unfolding of a new service paradigm with a growing role of knowledge-intensive business services and PPINs is the lack of the demand/user-driven innovation in Slovenia, where consumers—whether final or intermediate—create incentives and absorption capacity for new services. We believe that this is another reflection of the past developments of the service sector in NMS overwhelmed by a deficient supply of services (volume and variety). In such a framework, service consumers have played a fairly passive role and could not give signals to suppliers for new and improved services. Even if this has changed, particularly in regard to intermediate consumers of services, it is safe to infer that in the NMS customers are only beginning to assume a more active role in service innovation, including in co-production of services. PPINs could thus facilitate and foster this process.

In the transitional entrepreneurial environment where paradigms are changing in many areas, we would suggest that different PPP arrangements could be seen as networks that foster service development and innovation rather than efficiency and productivity alone (Fuglsang 2009b). Indeed, the definition of a network PPP—put forward by Weihe (2008) and ServPPIN and EU (2008) as “a loosely coupled public-private relations (including networks and general policy relations)” —seems a good answer for the relatively weak institutional framework we found in relation to PPINs in Slovenia. These open and flexible frameworks, when compared to the “traditional” PPPs, appear to perform much better and more effectively in service sector innovation than more defined partnerships. As suggested by Fuglsang (2009b), ServPPINs bring together and develop complementarities and synergies amongst public and private service organisations. The four cases amply reassert such development. Although their impact on the overall environment may still be small, we see many replicas of these types of networking in other areas as well (the annual Gazelle competition<sup>11</sup> for the fastest growing small enter-

<sup>11</sup> <http://www.gazela.com/gazela-2009/>



prise is organised as a public-private network, for example). This points to a very promising learning potential of PPINs that could bring about a series of innovations in services, implying the scope for supportive policies.

We assume that PPINs as an innovative model of co-operation will increase in importance and eventually become the "agents that promote structural and technological change in other sectors of economy" (Fuglsang 2009a). Their roll-out may take somewhat longer in NMS due to the lags in adoption of service paradigms and service culture. However, favourable framework conditions and policies that would encourage PPINs and wide dissemination of information on good practices could speed up the adoption of this model throughout the economy and society.

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