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**PRODUCT INNOVATIONS IN PROCESSES  
OF MATURE NON-PROFIT ORGANIZATIONS  
– CASE STUDY: A GOVERNMENT  
DISTRICT OFFICE**

**Abstract**

*Public sectors use the benefits which result from innovative solutions that are used in business practice. Implementation of modern management methods can influence functioning of public entities. In the article, barriers for perspectives of proinnovative implementations in the public sector are presented and can be an inspiration for further research. The empirical part of the article characterizes the product innovation in processes of a mature organization based data from a district office taken as a case study. An analysis of public processes in this public entity – Śrem Municipal Office – is presented. Based on the research conducted, conclusions were drawn that the office has reached the highest level of process maturity, and continues to carry out the process of innovative management and knowledge diffusion within the scope of the public sector.*

*Key words: process management, local office, efficiency, processes*

**1. Introduction**

Methods of public management are often taken and implemented from business practices which becomes the starting point for forming modern day solutions for improving management techniques. In connection with modern economies, these solutions are often joined with deploying information technologies which are being constantly improved. The public sector is characterized by its specific function, and is often limited in terms of possibilities to implement common management methods. Many state-run institutions face the challenge of introducing organizational, information

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technology, and procedural changes. Methods of public management should be tested first, because the public sector is particularly vulnerable to threats and security. The best, innovative practices should be spread over other voivodeships, districts, cities, and public institutions. Districts that function in conditions of growing competition while supporting regional development, should consider the possibility of facilitating their own role. They can bring into effect the best possible practices and make an attempt to implement them as an innovative process.

The goal of this article is to present a modern approach to public management, based on a case study [Kowalak 2009, ps. 77-83]. The district office, which is an example of applying process management at the highest level of maturity, is the subject of this analysis [Nowosielski, 2008, p. 40]. The office is both an example of practical application of knowledge in the scope of improving public administration management and can be considered the best practice for benchmarking comparisons [Camp 1995, p. 1; Czekaj, Lisiński, 2011 p. 50].

## **2. Areas of innovation in an organization**

Innovations in organizational activity are defined as non-continuous undertakings of new combinations of manufacturing factors concerned with launching a new product, a new method of production, opening a new market, obtaining a new source of resources or elements, and carrying out a new generation of business processes. They can be investigated in either a narrow or wide perspective. The first of these means changes in methods of production and in products, based on new or unused knowledge. In the second perspective, innovations are understood as any change in a production process that is based on the assimilation of the knowledge acquired [Leksykon 2004, p. 168]. W. Cellary presents the essence of this innovation as the implementation of a novelty into practice and divides it into:

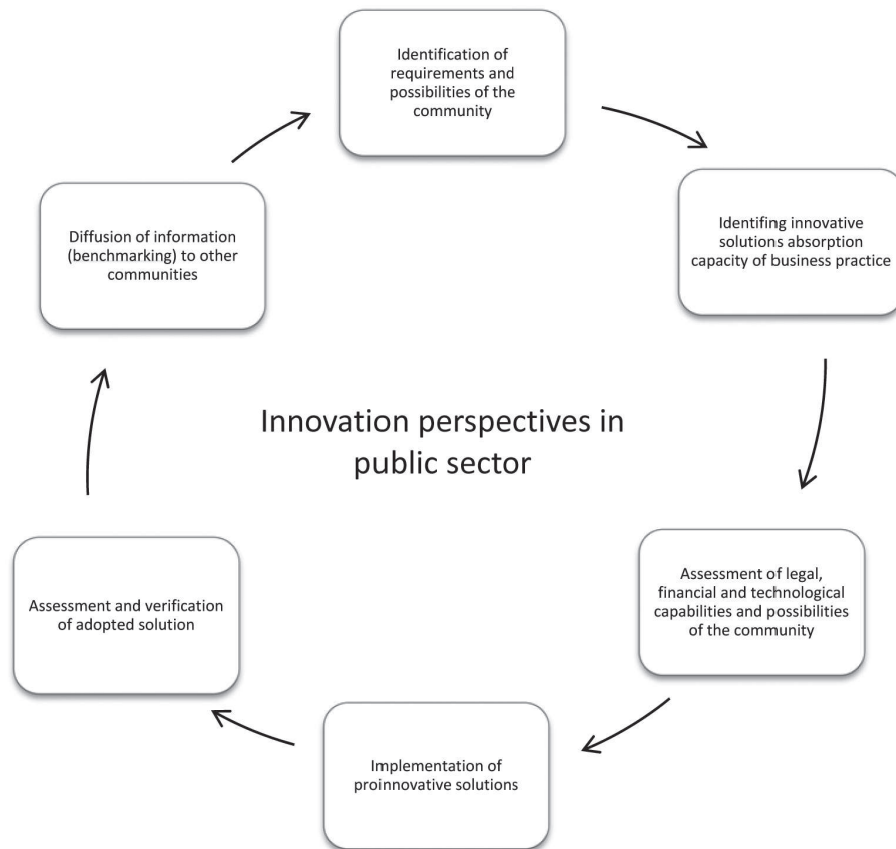
- a product innovation (launching a new good or service, or significant improvement of one previously offered by a company, with reference to their profile or purpose),
- a process innovation (introducing into practice in an organization new, or significantly improved, methods of production or supply),
- an organizational innovation (introducing a new method of organizing organizational activity, a new way to organize workplaces or a new way to organize external relations),
- a marketing innovation (introducing a new, significantly different than current, marketing methods) [Cellary 2011, p. 43].

In the process perspective, adopted for this article, product innovation is understood as the ability to outdo customers' needs due to the ability to anticipate and decipher market impulses which indicate future needs or their changes. Innovation understood in this way changes the optics of perceiving the public sector, in which functioning of a public entity should base its activity on improving management methods in order to optimize services provided to inhabitants, in this situation – customers.

The newest publications worked out by the Polish Agency for Enterprise Development indicate that development of economy innovation can be also achieved by intelligent market use of resources allotted for fulfilling public needs. According to new trends – a demand approach to innovation (e.g. open-innovation, user-driven innovation), on which the large-scale innovation strategy for Europe is based, the key to support innovations is the public sector. Public administration should give a good example and promote, according to the best value for money rule, realization of the most effective projects [PARP 2011, p. 88]. A supporting element to meet above requirements will be a new method of public management – process management with a special consideration of the product innovation in mature organization processes, with an example of a district taken into account.

Organizational maturity is a part of its lifecycle. According to H. Steinmann and G. Schreyogg the stages of the organizational lifecycle are: birth, growth, maturity, decline, and revival. Individual lifecycles and the intermediates between them are closely connected with the organization skill to adjust to changes of interior and exterior environments [Steinmann, Schreyogg, 1995, p. 274]. Individual stages trigger off specified problems which the organization must face up to. With a reference to a public sector entity, a mature organization is considered to possess the ability to design, generate, create, and implement into practice its own, innovative product, service or management method.

It is assumed that conditions of innovation perspectives in the public sector have specified, indirect stages which are characterized in the figure 1.



**Figure 1.** Diagram of innovative process in the public sector. A case study of a district. [Source: own research].

### **3. Barriers in promoting and implementing innovations in the public sector**

For several years research has been conducted in order to identify existing barriers and difficulties in implementation of innovative solutions. The process of adjusting the public sector to present requirements of the market economy is unusually hard in the face of formalized procedures and problems with interpretation. In terms of the characteristic functioning of the Polish public sector attention should be turned to barriers in development of pro-innovative tendencies as pointed out by the Polish Agency for Enterprise Development. Most often mentioned are [PARP 2011, p. 89]:

- a lack of experience in the scope of using innovative solutions worked out for the public sector,

- tendency to avoid risk connected with using highly innovative solutions for the public sector,
- adopting short-term policies with a lack of long-term strategy in this area,
- fear of being responsible for unconventional actions based on gaining solutions or products that are not verified by long-term application on the market,
- lack of resources to buy property rights,
- departing from organizing contests, where innovative conceptions are being created,
- incompetence and improper interpretation of the law or improper use of regulations.

The above research results indicate that difficulties of pro-innovative attitudes in the public sector arise due to financial limitations, attitudes and knowledge, execution of the law, and activities of individual bodies. In order to overcome the above mentioned barriers special programmes and projects are setup which include training sessions, integration of the business environment with the public sector, and knowledge diffusion between individual bodies and entities. The case study, presented in this article, can be used to diffuse the knowledge to other public sector entities, minimizing the risk of using unverified solutions. Results of the empirical research indicate a copybook (best practice) example of how a public sector entity can function.

#### **4. Product innovation in the processes of a mature organization – case study**

Process management is based on description, mapping, selection, and optimization of processes of an organization in order to increase efficiency and effectiveness of actions carried out by a particular organization [Zimniewicz 2009, p. 99-103; Perechuda, Szrednicki, Cieśliński 2000, p. 43]. The innovation process in an organization consists of several stages: the appearance of a new idea, its transformation into a concept, implementation and improvement, delivering a new or modified product (service) to customers, consumer survey and searching for new solutions or modifications according to the results of the survey. During the carrying out of these stages, a significant flexibility in the process of managing the organization must dominate [Bogdanienci, Kuzela, Sobczak 2007, p. 62-63]. From a product innovation perspective, one of the goals of a process approach is flexibility in matching a product to changing needs of internal and external customers of an organization [Prudzienica 2009, p. 92-94]. Such matching can condition the innovation in two ways – at first, defined as a current flexibility which means

a quick reaction to changes on the market. By accepting the speed of actions, a process organization can act more efficiently than rival organizations and be perceived as innovative by its customers<sup>[1]</sup>.

In order to achieve the product innovation, described above, the process organization must achieve process maturity in all carried out processes, including those connected with offering products [Bobera, Władyka, Zawicki 2004, p. 49]. A detailed analysis of product processes of the public organization, the district office in Śrem, will be presented below. According to the results of the research conducted, this district office has reached the highest level of process maturity<sup>[2]</sup>. Additionally, the Śrem district is the leader of social-economic growth in the Wielkopolskie Voivodeship so its processes can be regarded as a model and, as the best practices, can serve as a benchmarking reference for other districts [Flieger 2011, p. 21]. It is an example of practical experiences in the scope of management which allows for the use of theoretical knowledge of process management in practice. In order to get detailed information, the authors carried out interviews with representatives of the Śrem district office authorities.

#### **4.1 The process of organizing social assistance**

The main product of the district office activity are social assistance services. They are very important because they directly affect the level of living conditions in the district area and influence the level of inhabitants' satisfaction<sup>[3]</sup>. In the scope of social services, the first process is the organization of social assistance. In this case the starting point of the process is the law: the Social Welfare Act, the Family Benefits Act, the Strategy of Social Welfare in Śrem District for 2007 – 2013 years, other trade acts, and the budget for a given year.

The course of this process is based on the Social Welfare Centre carrying out social assistance programmes in the district. An analysis of this activity examines the scope of the services provided as set out by the Social Welfare Act including:

- services covering tutelary and specialist services,
- services in terms of widespread supplementary feeding programmes,

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1 One should remember that innovation can be subjectively perceived against the background of competitors. In this way organizations that positively stand out from others can be perceived and can perceive themselves as innovative. It is often enough to achieve a competitive advantage.

2 A research method adopted by the authors in order to choose the process matured office was the questionnaire worked out in the scope of the Institutional Development Programme. See: J. Bobera, A. Władyka, M. Zawicki, *Katalog Narzędzi Rozwoju Instytucjonalnego*, Cracow Economic University, Cracow 2004, ps. 38-39.

3 One should remember about a political aspect of local authorities activity. Inhabitants satisfaction has a direct influence on reelection and their current support for the district actions.

- housing allowance benefits,
- temporary & special allowance benefits,
- family allowance benefits,
- advances of maintenance payments benefits,
- childbirth allowance,
- other social assistance,
- covering the ZUS social insurance fees,
- monitoring homeless levels,
- actions to support disabled and mentally handicapped people.

Once a year, until the end of March, the Śrem Social Welfare Centre submits a report on its activity to the Town Council. Conclusions drawn from these reports are the basis for establishing initiatives for the following year. This process is connected with the process of financial politics and the process of fixed assets management. The measuring tool for this process is the number of people who receive assistance compared to the total number of district inhabitants.

#### **4.2 The process of organization of public education**

The second process is organization of public education. The starting point for this process is the Education System Act, the Teacher's Charter, other trade acts, and the budget for a given year. The course of this process is presented in the following way and organization of public education bases itself on:

- analysis of the data presented by the directors of educational institutions in the form of organizational datasheets in accordance with the procedure of optimizing a school network,
- organizing transport for pupils in the district area that requires tendering out in order to satisfy the demand as reported by the directors of educational institutions,
- ensuring the financial means necessary to enable the performance of educational tasks – the adoption of the district budget for the following year,
- the setting up and liquidation of district educational institutions as deemed necessary,
- assessment of educational services supplied by other than the district,
- ensuring proper housing conditions – in accordance with the procedure of investments planning. Once a year (until the end of June) an analysis of petitions filed concerning renovations
- performance assessment of teachers entrusted with the post of the director of educational institutions

- financial analysis for additional financing for training junior workers at a period set out by KO
- providing material assistance of an educational character
- performance assessment of directors including consideration of incentive bonuses
- promoting part-time teachers to the rank of full-time
- initiating an open competition for the position of director of an educational institution
- raising external resources for the realization of educational programmes
- supporting talented youths according to currently functioning school regulations
- keeping records of public & nonpublic institutions - the analysis covers the entire school year and is to be submitted to the Town Council up until March 30th every year.

The process is carried out by educational institutions run by the Šrem district or others – in the case of public & nonpublic institutions. Conclusions drawn from the analysis of these reports form the basis for planned actions in the following school year. This process is connected with the process of financial markets, the process of fixed assets management, the process of carrying out competitive tendering, and the controlling process. The number of pupils who receive support (e.g. study allowances and school allowances, layettes, scholarships) compared to total number of pupils in the district, and the percentage of the considered motions for external resources are the measures of the process.

### **4.3 The process of organization of prophylaxis and healthcare**

Another process in the scope of providing public services concerns organization of prophylaxis and healthcare. The starting points for this process are the trade acts, the Prophylaxis and the Alcoholic Problems Programme in the Šrem District, the District Programme for Preventing Drug Abuse, and the budget for a given year. The process is as follows: the organization of prophylaxis and healthcare is carried out by PEU according to demands including those of the Prophylaxis and the Alcoholic Problems Programme, the District Programme for Preventing Drug Abuse, and the Mayor's Directive concerning the budget for a given year.

Analysis includes:

- performance assessment of the addiction treatment facilities
- assessment of the process of processing submitted applications



- methods of supplying therapeutic assistance to district inhabitants
- assistance networks for the homeless
- youth and teenage support programmes
- legal assistance for district inhabitants
- organization of feeding programmes for the needy

Each year, at the end of March, an analysis is carried out based on reports. The monitoring process includes control checks and conclusions are drawn up, which form the basis for creating a prophylaxis programme for following years. The measuring tools are: the number of therapeutic treatments (therapy for addicts, co-addicts, psychological advice), the number of meetings for legal advice, the number of children and youths involved in the therapeutic programme, and the percentage of success cases compared to the number applying for assistance.

#### **4.4 Organization of the process of cultural and sport services, and tourism**

The last process in the scope of social services is the organization of cultural services, sport services, and tourism. The starting point for this process is: Acts covering cultural activity, the Public Libraries Act, the Museums Act, and the budget for a given year. The process appears as follows: organization of cultural & sport services, and tourism is carried out by cultural institutions, the Średzki Sport Company, and others including institutions. Monitoring is done based on an analysis of factual and financial reports which are submitted each year, up until the end of March. In the PEU a record of cultural institutions is kept. The process is connected with financial markets, the process of fixed assets management, and the process of carrying out competitive tendering. The measuring tools of the process are: the number of cultural and sport events, which are organized by cultural institutions and ŚOSiR, and the number of these which are supported by the Municipal Council in Śrem.

### **5. Conclusions**

The research results presented in this paper confirm that process management leads to an increase in the efficiency of processes carried out in public entities as well as an increase in the quality of products and customers satisfaction. It also causes improvement of the district competitiveness which has particular significance in the aspect of stimulating social-economic growth [Swinburn, Goga, Murphy, 2000, p. 8; Rogoziński 2008, p. 18]. The described product process of the public organization, the Śrem

district office, is a copybook example of a process to be implemented in other public entities as a modern form of management. The Śrem district office carries out this innovation process in 5 stages::

1. Locating innovation possibilities in the district and its surroundings.
2. Preparation – transforming processes into innovations for purposes of analysis and assessment.
3. Assessment – opinion and report on the results of actions and possibilities of implementing the innovation.
4. Realization – innovations deployment in the district.
5. Measure – assessment of the factual results of innovations deployment.

One should draw one's attention to proper use of scheduling of the measure and assessment of individual processes over a year [Stewart, 1991, p. 43; Burkette, Hedley, 1997, ps. 46-49; De Villiers, 1997, ps. 285-300]. The dates of analysis and reports concerning each of the processes are not the same so that the same level of importance is maintained. Thanks to maturity of the process, there is the possibility to deploy and use product innovation and modern organizational methods in the public sector as well.

In the situation where innovative solutions in public entities are used, changes occurring usually have an intra-institutional character. However, results of their deployment have significant influence in streamlining relations and processes within a given community.

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