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# **Policy entrepreneurship in context: Understanding the role of institutions in the emergence of novel policy solutions for services innovation in Finland and Ireland**

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## **1. Introduction**

Innovation policy studies have been a significant area of growth in recent decades (Flanagan et al. 2011; Morlacchi and Martin 2009). This has seen researchers devote substantial effort to identifying and assessing policies, and their role in supporting economic development in Europe and beyond. Yet, while such studies have helped to improve our understanding of these policies, relatively little attention has been paid to the policy process itself, and how such policies are formulated and implemented (Uyarra et al. 2017). Here, researchers have criticised the tendency in many accounts of innovation policy to ‘read off from their theoretical rationales’ (Laranja et al. 2008), with calls made for the dynamic nature of the policy process, and the role of policy actors in shaping policy to be given more attention (Flanagan and Uyarra 2016).

Developed initially by mainstream policy studies, the role of policy entrepreneurs has been extensively explored in getting new ideas on to the policy agenda. In the field of innovation policy studies their activities have been considered, with both theoretical (e.g., Flanagan et al. 2011) and empirical contributions (e.g., Edler and James 2015; James 2018). Edler and James (2015)’s work, for example, has highlighted the role of policy entrepreneurs, from within the

European Commission, in helping to frame and develop a new research theme (security) under the Seventh Framework Programme. While such research has helped to understand the definition and strategies employed by policy entrepreneurs, attention has recently begun to focus on the role of context in mediating their activities (Ackrill et al. 2013; Mintrom and Norman 2009). This has seen research examine factors such as the ‘national mood’ (Kingdon 1984/2003), macro events (Birkland 1997), government structures and venues (Baumgartner and Jones 1993; Edler and James 2015), as well as specific contexts such as the European Commission (Ackrill et al. 2013; Copeland and James 2014; Edler and James 2015; James 2018; Peters 1994; Thierse 2019; Zahariadis 2008). Such work challenges the view that policy entrepreneurs can be viewed in isolation (Zahariadis and Exadaktylos 2016), and calls for greater appreciation of the factors that shape their ability to navigate this context and succeed (Mintrom and Norman 2009).

This paper seeks to add to the emerging research agenda on policy entrepreneurship in innovation policy studies, by reference to institutions and their multidimensional characteristics in policy contexts. Drawing on organisational institutional theory (Battilana et al. 2009) it identifies three aspects of an institutional setting - field-level conditions that shape the understanding of a problem, specific procedures and rules that structure the policy development process, encouraging or discouraging novelty, and the social position of actors that enable and/or constrain policy entrepreneurs to propose and develop new policy ideas (Mintrom and Norman 2009). This, it argues, provides a framework to better appreciate the role of the policy context in shaping and mediating policy entrepreneurship beyond the skilled agency of individual policy entrepreneurs.

This framework is explored with the aid of a comparative case study of services innovation policy in two European countries - Finland and Ireland - and seeks to understand how the multidimensional nature of institutional settings helps shape the ability of policy entrepreneurs to achieve the implementation of their ideas. Such policies for services innovation came to prominence in Europe in the 2000s as many developed countries saw such activities becoming an increasingly important part of their economies. This period saw extensive policy debate in forums such as the European Commission (2009) and OECD (2006), and associated policy experimentation at the country level. The comparative case study incorporates two countries that were actively engaged in policy development and debate during this period.

## **2. Policy entrepreneurship and the mediating role of institutional context**

To analyse the role of context in shaping policy entrepreneurship the paper begins by discussing the policy entrepreneurship literature and its attention to context, before considering institutional mechanisms as enabling and constraining factors. The discussion views policy as a complex process associated with government decision making, including the outcomes of those decisions (Cairney 2012). This may include decisions to change government actions, as well as sustain them over time (Howlett et al. 2009).

Policy entrepreneurs have been characterised as ‘purposeful opportunists’ (Cram 1994), with ‘entrepreneurial flare’ (Mintrom and Norman 2009), and the desire to bring about change in policy (Kingdon 1984/2003). Their entrepreneurialism is reflected in enthusiasm for developing and presenting novel policy ideas, and ‘willing[ness] to invest their resources- time, energy, reputation, money- to promote a position in return for anticipated future gain in

the form of material, purposive, or solidary benefits' (Kingdon 1984/2003: 179). In this respect, their activities carry both risk and potential reward (Roberts and King 1991; Shearer 2015). They can include actors such as politicians, policy makers within government, academics, consultants, NGOs and other interest groups (Kingdon 1984/2003; Roberts and King 1996; Zahariadis 2014). Mintrom and Norman (2009) identify networking, coalition building and credibility within the policy community as important capabilities of policy entrepreneurs. Working with groups of this kind, however, requires social skills, and enables policy entrepreneurs to access knowledge, discuss, develop and negotiate persuasive policy ideas (Mintrom 1997; Roberts and King 1996). This can help to secure interest, participation, and buy-in from influential stakeholders in the new policy idea, and challenge rival policy ideas (Cairney 2012).

Paul Cairney (2018: 200) summarises the attributes of successful policy entrepreneurs in three 'habits' that help to frame an idea. These include 'telling a good story to grab an audience's interest', producing feasible solutions, and adapting these to particular challenges or 'windows of opportunity'. Such framing helps to define a problem and solution, and ensure that they are acceptable to policy makers, for example in terms of budget, or implementation feasibility, political perception and so on. This may include framing policy opportunities in relation to particular problems, events, crises or failures of existing policies (Birkland 1997; Mintrom and Luetjens 2017), and discussing ideas in favourable venues to gain support (Baumgartner and Jones 1993).

In Kingdon's (1984/2003) model, policy entrepreneurs are most likely to succeed in bringing their idea to the policy agenda when windows of opportunity occur (Howlett et al. 2016). These periods represent an opportunity for policy entrepreneurs to link their framing of an

issue with a policy solution (Cairney 2012; Zahariadis 2014). Such windows, however, rarely open, and can close as a result of factors such as change in government, or arrival of a compelling new policy idea (Kingdon 1984/2003; Mintrom 2000). While most contributions to the literature focus on agenda setting (ending their analysis at the opening of a policy window), others have gone further, arguing that policy entrepreneurialism may stretch into subsequent stages of policy formulation and implementation (Boasson and Huitema 2017; Reimer and Saerbeck 2017).

The literature on policy entrepreneurs has grown in recent years. This has seen such entrepreneurship explored in a range of empirical settings, including innovation and enterprise policies (Edler and James 2015; James 2018; Rossiter and Price 2013). Such studies have begun to identify the importance of context to successful policy entrepreneurship. The European Commission, for example, has been described as an ‘agenda setter’s paradise’ (Peters 1994: 21), with its ability to propose new legislation (Ackrill et al. 2013), and do so from multiple entry points (Peters 1994). These findings are consistent with the work of Baumgartner and Jones (1993), who suggest that policy entrepreneurs will seek out favourable venues to discuss and advocate their new ideas, including different levels of government, but also different committees or government forums. For the most part, however, the growing focus on the role of context in shaping the activities of policy entrepreneurs underemphasises the institutional basis of policy entrepreneurship and its ability to both constrain and enable change (Boasson and Huitema 2017; Mintrom and Norman 2009).

Institutional theory defines institutions as ‘rules of the game in a society or, more formally...the humanly devised constraints that shape human interaction’ (North 1990: 3).

They give structure to interactions, constraining the range of options open to actors (March and Olsen 1989). Constraints, however, build up over time, and are reflected in routines or procedures for actors, formal roles, and expected behaviour, as well as pressures to conform (Powell and DiMaggio 1991). This literature also introduces the concept of institutional entrepreneurship (DiMaggio 1988; Garud et al. 2007). This strand of the institutional literature considers the role of entrepreneurs in translating ideas into institutionalised outcomes (Reimer and Saerbeck 2017; Sotarauta and Pulkkinen 2011). It describes the ‘activities of actors who have an interest in particular institutional arrangements, who leverage resources to create new institutions or to transform existing ones’ (Maguire et al. 2004: 657). Such entrepreneurs can be either individuals or organisations seeking purposive change in institutions (DiMaggio 1988), and emphasises the potential for agency to shape, and be shaped by, institutional setting.

A growing number of contributions to the institutional entrepreneurship literature draw attention to the multidimensional nature of the context facing entrepreneurs. Battilana et al. (2009: 74), for example, describes the context as being ‘composed of multiple layers; in the manner of Russian dolls’, with actors embedded in organisations and wider fields. Such fields are characterised by ‘field level conditions’, reflecting the macro elements of the institutional context, and linked with factors such as uncertainty, problems, and tensions (Hardy and Maguire 2017). These conditions provide the space for new ideas to emerge. Field level conditions are complemented by attention to micro-level agency, which is said to reflect the societal position of institutional entrepreneurs, and their power to secure change.

The institutional entrepreneurship literature introduces different forms of success associated with entrepreneurial activity, including the introduction of new institutions and dislodging

mature institutional arrangements (Lawrence and Suddaby 2006). A challenge faced by scholars of entrepreneurship, however, is the question of ‘survivor bias’ (Nightingale and Coad 2014). That is, much of the empirical research examines cases where successful outcomes have been achieved (Hardy and Maguire 2017: 273). Moreover, a large part of the research agenda has been taken up with single case studies, limiting the potential to compare different contextual attributes and actor settings (Boasson and Huitema 2017).

To date, the links between the institutional and policy entrepreneurship literatures have not been examined by researchers in any detail (Mintrom and Norman 2009). Yet these literatures share many similarities, not least in their focus on purposive agency, seeking to bring about change by mobilising resources, communicating rationales, and establishing new outcomes (Hardy and Maguire 2017; Sotarauta and Pulkkinen 2011). Indeed, Considine (2005: 2) argues that ‘...much of policy-making is embedded in the routine practices carried out by government agencies employing well-worn repertoires of action’. The institutional entrepreneurship literature, however, places greater focus on the embedded nature of agency in mobilising resources, communicating rationales to other actors, and establishing new institutional practices (Hardy and Maguire 2017; Sotarauta and Pulkkinen 2011).

Both policy entrepreneurship and institutional entrepreneurship literature have been criticised for their focus on success cases (Boasson and Huitema 2017), and emphasising what Hardy and Maguire (2017: 274) describe as ‘...win-win problem solving activity’. This can be seen in accounts of implementing new policy concepts, where success was ultimately achieved, including a new European Framework Programme for European Security Research (Edler and James 2015; James 2018), EU sugar tax reform (Ackrill and Kay 2011), water policy transitions (Huitema and Meijerink 2010), climate change (Boasson and Huitema 2017) and



banking (Bakir 2009). These studies, while helping to develop our understanding of policy entrepreneurship, emphasise the idiosyncratic features of individual agents, and underestimate the potential for failure (Lawrence et al. 2011). Indeed, giving more attention to the institutional setting suggests that context can play a greater role than hitherto appreciated by many contributions to the literature. The focus of this paper can therefore be summarised in the following research questions (1) Who were the policy entrepreneurs in each country? (2) How did they seek to develop services innovation policy? (3) To what extent was their agency influenced by institutional factors in each country?

### **3. Methodology**

Policy entrepreneurship, in this paper, is explored through the lens of novel ideas for services innovation policy. Gaining impetus in the early 2000s, this policy topic produced a sustained period of reflection in Europe and beyond, with calls for the focus of innovation policy to be widened, and attention given to the needs of services and sectors such as knowledge intensive business services (Den Hertog and Rubalcaba 2010; European Commission 2012; OECD 2012). This area of policy was inspired, in part, by the growing importance of the services sector to many countries (World Bank 2017), and academic research that had examined the nature of services innovation in firms (Djellal et al. 2013; Gallouj and Savona 2009; Miles 1993).

The paper draws on evidence of policy entrepreneurship in two European countries: Finland and Ireland, in order to comparatively explore the role of institutional context in mediating their ability to introduced new policies for services innovation. These cases were selected on the basis of purposive sampling (Miles and Huberman 1994), to include two countries that

had been active in developing services innovation policies in the 2000s. Both are parliamentary democracies in the European Union, have fewer than six million inhabitants, and similar service sector employment levels (77.4% Ireland and 73.8% Finland of total employment - World Bank (2017)). Yet, despite both cases being active in the discussions around services innovation policy from the early 2000s, Finland was able to launch defined policy instruments, while Ireland has struggled to do so. By comparing two countries active in developing policies for services innovation the method uses the framework provided by institutional theory, examining the interplay between setting and policy entrepreneur activity.

Beginning with current day policies and policy makers, the research examines policy entrepreneurship activities using a case-study method (Yin 1994). This method enables multiple sources of data to be drawn together to explore historical events, with reference to causal processes and their impact on behaviour and experience (George and Bennett 2005). The research draws on three data sources - *secondary analysis* of policies and the institutional setting in Finland and Ireland, *interviews* with policy entrepreneurs and those involved in developing the new policy ideas, and analysis of *policy statements* and interviews with researchers that participated in services innovation studies at the European level. This method allowed the research to examine the multidimensional nature of the context facing policy entrepreneurs, including both their agency alongside institutional routines in the policy process.

Review of secondary literature on each case represented the primary source of data for the study. This included review of policy papers, strategy and policy documents, implementation literature, and evaluation evidence (where available). Secondary data analysis was supported by policy interviews. These interviewees were identified through a snowballing process, and

began with policy officials identified from the secondary sources. The historical nature of the study (covering a period of over 10 years) meant that many informants had retired or moved posts. By following a snowballing strategy, it was possible to mitigate this risk, by seeking referrals from former colleagues or contacts. This resulted in a total of 12 interviews in the two countries (see Table 1).

The final source of data were policy statements by the European Commission and other bodies such as the OECD, supplemented by interviews with three academic and consultants who had undertaken international research and engaged with these bodies (see Table 1). These interviewees were accompanied by web searches and documentary analysis (e.g. European Commission 2009, 2012; OECD 2006, 2012). Incorporating interviews with participants in these studies provided an outside perspective to the activities of policy entrepreneurs in the two countries, and helped to further situate their activities in the wider international context for services innovation policy development.

**Table 1. Interviewees**

<i>Ireland</i>	
Former senior policy advisor 1, Forfás	19th April 2017
Former senior policy advisor 2, Forfás	25th April 2017
Former senior policy advisor 3, Forfás	23rd February 2017 and 9th January 2018
Project officer 1, EI	25th April 2017
Project officer 2, EI	10th March 2017
Project officer, SFI	22nd March 2017
<i>Finland</i>	

Director, Tekes	26th May 2017
Senior project officer, Tekes	13th January 2017
Former project officer, Tekes	26th May 2017
Former academic and consultant	26th May 2017
Academic and consultant	8th March 2017
Independent consultant	2nd May 2017
<b><i>Other</i></b>	
Academic 1	6th April 2017
Academic 2	27th April 2017
Former academic, and advisor to Forfás	9th January 2018 and 12th March 2019

#### **4. Innovation in services policy development in Finland and Ireland**

The following sections examine how policy development for services innovation unfolded in each of the case countries, with reference to the institutional context and role played by policy entrepreneurs.

##### ***4.1 Finland***

The development of innovation policy in Finland is the responsibility of Parliament and the Council of State and led by the Research and Innovation Council (RIC). RIC, formed in 2009 (replacing the Science and Technology Policy Council – STPC<sup>1</sup>), is Chaired by the Prime Minister and provides an oversight and coordination function for the Finnish government

(Lemola 2002). The key ministries responsible for innovation policy funding are the Ministry of Education and Culture and the Ministry of Economic Affairs and Employment, with delivery of business innovation policy undertaken by Tekes - The Finnish Funding Agency for Technology and Innovation (OECD 2017). Established in 1983, Tekes' legal remit was to provide funding for companies, research organisations, and public sector service providers for innovation projects (Hakala 2003). Its work was overseen by a board of directors, including senior members of government, industry, agencies and Tekes executive staff<sup>2</sup>.

The origins of Finland's policy focus on services innovation can be found in discussion and policy research supported by the Tekes Strategy Director during the early 2000s. These developments highlighted the emerging role of services in the Finnish economy, and their future importance to key sectors such as ICT. This new thinking was incorporated in the tri-annual strategic statements of the STPC<sup>3</sup>, with increasing emphasis placed on supporting innovation activity in business services (Viljamaa et al. 2010). The Tekes Strategy Director led these discussions and was motivated by a desire to develop policy in a way that would meet the needs of the Finnish economy (Personal communication Director, Tekes). This, was less about personal benefit, but '...find[ing] ways to get things moving in what I believed to be the right direction'.

The formation and implementation of innovation in services policy in Finland was led by a policy delivery manager in Tekes' real estate sector unit, whose earlier role in this industry sector had enabled her to appreciate the different nature of innovation in this sector, compared with Tekes' traditional R&D projects, and the opportunities to broaden such policies out (Interview senior project officer, Tekes). This official was supported by Tekes'

strategy director, who provided advice and funding support to develop the idea further (Personal communication Director, Tekes).

This process of developing practical solutions to these policy challenges began when the senior policy officer approached the director, raising the potential for a new Tekes programme. The approach was met with interest by the director, and was seen as a novel topic that was consistent with Tekes' goal of developing new cutting edge' policy concepts. He noted that this: '...drew together lots of separate strands...things that were happening across Tekes and beyond, including evidence from the construction sector which real estate services had become an important issue for Tekes because of its growing importance to the economy' (Interview director, Tekes). In developing this agenda the director and senior policy officer drew on pre-existing procedures for identifying new project ideas, as well as Tekes' role as a powerful and 'progressive force' in the Finnish policy context, with long-standing support from politicians and industry (Interview director, Tekes).

The initial identification of the policy idea, and support by the director represented the first stage on the process. The Tekes senior policy officer subsequently worked with Tekes senior management to formulate the idea, and build a case around the potential contribution of services innovation to other core sectors such as ICT. These established procedures formed part of the business case process that was required for all new implementation projects within Tekes, with a strong emphasis on highlighting new policy responses to business innovation challenges (Interview senior project officer, Tekes).

The business planning procedure for Tekes programmes was competitive in nature, requiring new policy proposals to present persuasive evidence of impact and links to strategy

(Interview senior project officer, Tekes). Such proposals were funded for a three-year period, resulting in the regular renewal of policy instruments. Decisions on which proposals are funded were made by a senior Tekes management group. Here, the Tekes policy delivery manager required both persistence to participate in this group over a number of years, while developing the concept, and personal resilience to cope with and respond to scepticism expressed by colleagues during this process. Indeed, she noted, *'Nobody would believe it was important if it was just me saying it...so we engaged internationally with experts to build the case.'* (Interview senior project officer, Tekes). In this respect the Tekes senior policy officer recognised that her future prospects in Tekes were, in part, dependent on her ability to succeed in implementing the new policy idea (Interview senior project officer, Tekes).

In building its case the Tekes senior policy officer commissioned a number of studies from consultants and academics from VTT<sup>4</sup> to examine literature and data on definitions and types of innovation in sectors such as Knowledge Intensive Service Businesses (See Kuusisto and Meyer 2002). By engaging consultants in this process the Tekes delivery manager sought to revise and strengthen the case through external independent expertise, and in doing so build credibility within Tekes management for the new policy ideas. They were subsequently able to harness the entrepreneurial activities of the consultants themselves, by introducing them into international research networks such as OECD (See Kuusisto and Kotala 2004). This enabled the consultants to build their own knowledge and contacts, motivated by a desire to spread what they perceived to be an important priority for policy, but also learn from other countries: *'This was about testing domestic ideas, but also a goal of promoting innovation support. There was not so much discussion about going abroad. In a way it was self-evident – we are a small country and we need contacts from others and ideas from others and so on'* (Interview former academic and consultant). Their growing consultancy activities

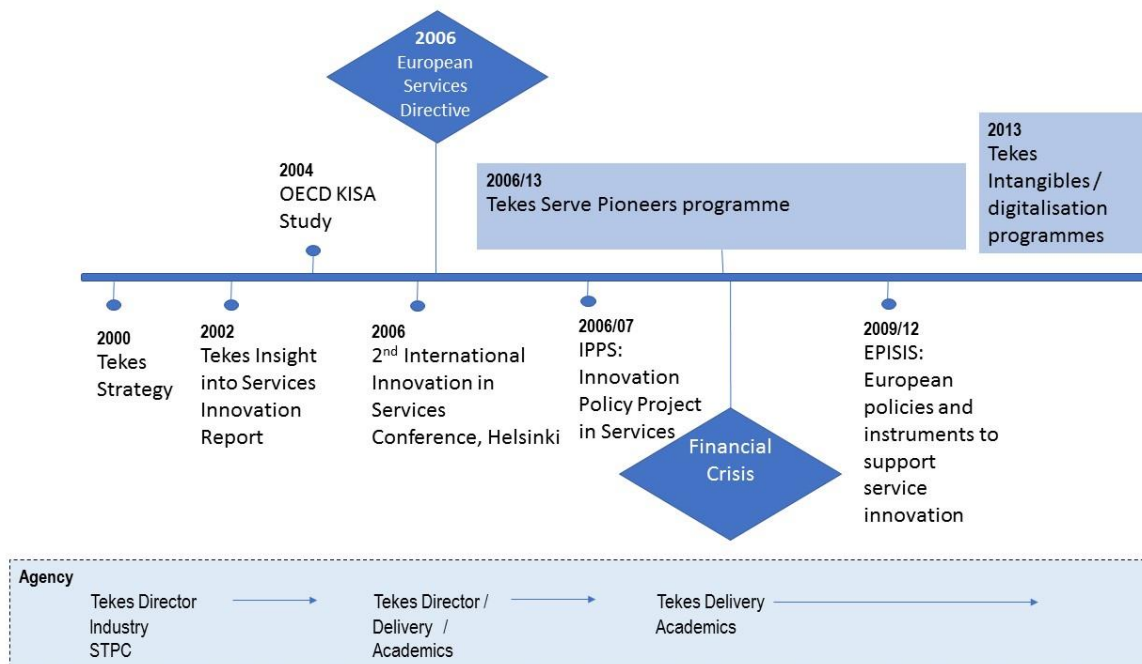
internationally also enabled them to strengthen their businesses activities, as a by-product of this process (Interview academic and consultant).

The partnership approach to policy development was based on mutual benefit was also important in Tekes' links to a series of international projects funded by the European Commission, including the Innovation Policy Project in Services - IPPS (Tekes 2007) and the European Policies and Instruments to Support Service Innovation project – EPISIS (Kuusisto 2012), which it coordinated with the aid of academics. Tekes' leadership in these policy studies was part of the policy officials' desire to contribute towards its position itself as one of the most forward-thinking innovation and technology agencies globally (Interviews former project officer, Tekes; academic and consultant). These international links were also important to Finland's support (alongside other EU Member States, including Ireland) for the European Services Directive (European Commission 2006).

The engagement with academic and consultancy partners in developing the services innovation policy concept reflected Tekes' strong emphasis on working in partnership with the knowledge base. It saw Tekes commission research to support both the development of new policy approaches, but also their implementation (Interview senior project officer / former project officer, Tekes). This partnership approach resulted in a range of actors (e.g. VTT researchers, consultants) engaging in mutually beneficial activities in support of the concept of services innovation policy, providing evidence and adding external credibility.



**Figure 1. Chronology of stages and events in the development of Finnish policy for services innovation**



Implementation was achieved through the Tekes Technology Programme, and saw the launch of the Serve – Pioneers of Services Business - project. This operated initially between 2007 and 2010, and was later extended to 2013 despite the financial downturn<sup>5</sup> (Interview senior project officer, Tekes). In this respect Serve was viewed as an important response to supporting Finnish businesses to respond to the challenge of revising their business models to remain competitive (Interview senior project officer, Tekes).

Managed by the Tekes policy delivery manager, Serve provided support for the creation of solutions to customer needs, and included funding for collaborative R&D projects targeting new service concepts and new business models for sectors such as real estate, logistics, financial services and industry (Oosi et al. 2016). The management of the project by the policy delivery manager saw continued international networking and engagement through research projects as a means of disseminating findings to other policy makers, but also

helping to adapt the project to emerging business needs, and embedding services innovation in Tekes activities and thinking about future projects (Interview senior project officer, Tekes).

The final evaluation of Serve highlighted the success of the project in addressing the international dimension of services innovation projects and notes its role in strengthening the research community (Oosi et al. 2016). Its success was further illustrated by Tekes' desire to extend the project; something that was not commonplace in an agency where introducing new concepts was prioritised (Interview senior project officer, Tekes). Indeed, Tekes has subsequently sought to institutionalise elements of services innovation support in successor innovation policy instruments, such as the support for digital business models and intangibles (Interview independent consultant).

## ***4.2 Ireland***

Irish policy for innovation is led by the Interdepartmental Committee on Science, Technology and Innovation, and the Minister for Enterprise and Employment, with support from a range of advisory bodies and committees. Innovation policies were first launched in the 1980s, with the creation of the first Minister of State for Science and Technology (O'Gorman and Cooney 2007). For much of the period under consideration, government policy advice for innovation was provided by the semi-state body – Forfás (1994 to 2014). Forfás' role, as set out in the *Industrial Development Act, 1993*, was to provide the Irish Government with independent policy advice, '*ensur[ing] the coherence of policies across the enterprise development agencies in support of enterprise growth and job creation*' (Forfás 2014: 2). In delivering its advisory and coordination functions much of Forfás' work was undertaken to inform the activities of the main enterprise support agencies – IDA Ireland - IDA (responsible for

multinational investment in Ireland), Enterprise Ireland - EI (responsible for indigenous Irish enterprises), and Science Foundation Ireland (responsible for investing in science and engineering research, from 2003 onwards). Forfás' advisory role in this policy context allowed it to propose new policy concepts, and support these with research. These topics were identified by policy advisors in the form of proposals for projects that were reviewed by the Forfás Board (made up of senior Forfás staff and the heads of the enterprise support agencies). Projects that were successful at this stage were formally incorporated into the Forfás annual work programme.

The importance of services innovation was first recognised in the early 2000s, when senior policy advisors at Forfás, began to commission consultants to research the national innovation system in Ireland and the growth of services (Forfás 2003). This was led by a senior policy advisor (1) that had recently joined Forfás' science and innovation team, with previous industry research experience. The senior policy researcher was encouraged by his manager to develop research around the concept of strengthening the 'innovation system' (Interview former senior policy advisor 1, Forfás). In developing this research, the senior policy researcher and his manager began to recognise the weaknesses of the Irish innovation system with respect to innovation in services. In this respect the policy researcher and his manager motivated primarily by the belief that there was an important policy gap in Ireland. They did, however, recognise implicitly that successful introduction of a new innovation policy idea into the enterprise support agencies would be looked upon positively by management (Interview former senior policy advisor 1, Forfás).

The policy researcher and his manager pursued the new ideas over several years, including commissioning research, establishing industrial review groups (e.g. Services Strategy Group

2008), networking in Europe and internationally, and organising key events. These activities drew on Forfás' procedures for developing new policy ideas through independent research and consultation with industry and agencies. Such procedures had developed over years of experience, enabling staff to pursue new policy ideas via the Forfás annual work programme. This process was competitive, and required director-level support, with all ideas subject to extensive consultation with the enterprise agencies, industry and Government departments (Interview former senior policy advisor 3, Forfás).

To support the development of services innovation ideas the senior policy advisor (1) commissioned consultancy studies to help frame the characteristics of services innovation and comparative policies (Forfás 2006). These studies were viewed as important evidence that provided an independent expert perspective on services innovation. This research helped introduce terminology that both Forfás and the enterprise support agencies subsequently used to describe the distinctive features of innovation in services ('new business models', 'customer interface' and 'service products') (Interview former senior policy advisor 1). Alongside this research, the senior policy advisor used established access routes to engage in international policy groups sharing the same interests, most notably the EU and OECD (Interview former senior policy advisor 2, Forfás). This was perceived to be tactically advantageous because engaging with such organisations internationally, and benchmarking Ireland's policy activities was perceived to legitimise the concept, internally, and support the credibility of proposals amongst the enterprise support agencies (Interview former senior policy advisor 1, Forfás).

In parallel to the policy development activities of the Forfás senior policy advisor and his manager, the consultants appointed to conduct research (Interviews Academic 1 and 2) also

began to disseminate these ideas by promoting their research to other government agencies, including the OECD KISA project noted in the Finnish case study (See Kuusisto and Kotala 2004). The former academic and advisor to Forfás was also involved in a UK-based consultancy, and worked with this organisation on conducting research across European regions to alert them to the services innovation concept and the potential benefits it could bring. This was supported by the senior policy advisor, who referred the consultants to the coordinators of other European research projects on a number of occasions (Interview former academic and advisor to Forfás). In this respect the consultant described the relationship as being rather ‘symbiotic’, with such recommendations helping to further the credibility of independent consultants (whose track record of services innovation research and international knowledge) and the proposals within Forfás (Interview former academic and advisor to Forfás).

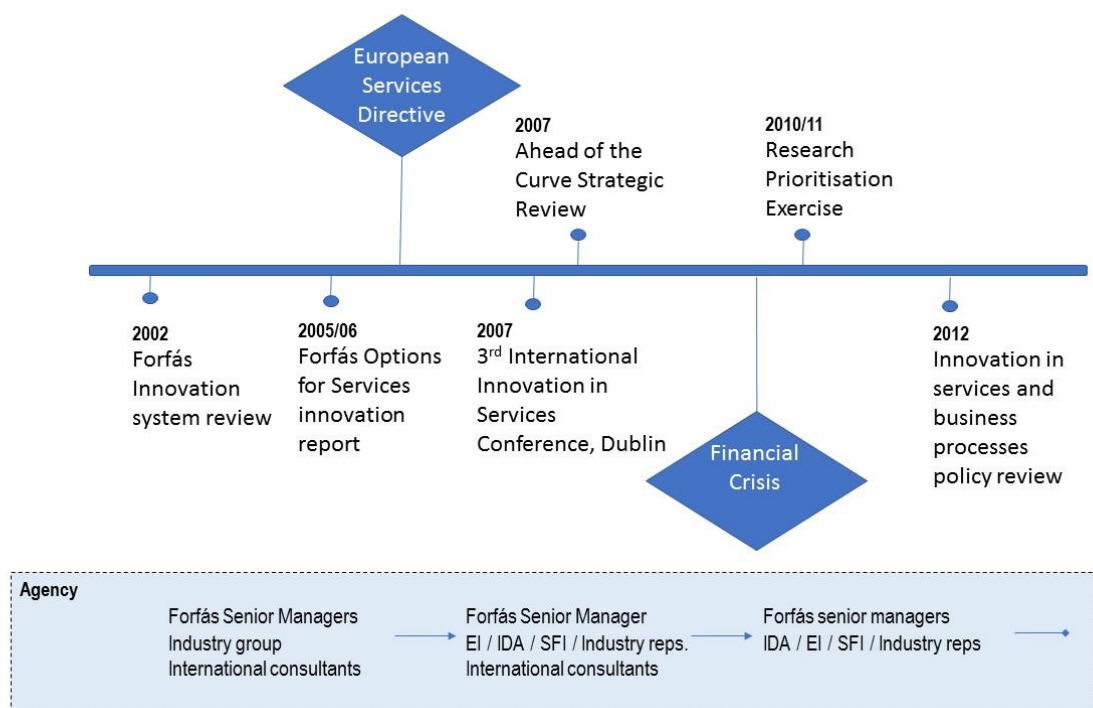
With the support of his manager, the senior policy advisor (1) took the research findings and recommendations for change to the Forfás board of directors in 2006. This represented the principal forum for policy research to be presented and discussed by senior members of the enterprise agencies and industry. The power of this group was such that new ideas could be implemented by the agencies rapidly, or rejected (Interview former senior policy advisor 1, Forfás). In an effort to increase the chances of success getting services innovation onto the policy agenda, the policy officials invited the lead consultant to present to the Forfás board. They believed that the stature of the consultant (former academic and advisor to Forfás - a former Executive Director of a development agency), would help to maximise the chances of the policy idea being adopted (Interview senior policy advisor 3, Forfás). The proposals were, however, initially met with a muted response, with concerns raised that the evidence from international comparators did not present clearly defined policy models that the enterprise

support agencies could adopt (Interview former senior policy advisor 1 and 2, Forfás, and former academic and advisor to Forfás). The resistance, from the former senior policy advisor's perspective (1), was indicative of a far wider 'conservatism' in Ireland, in which the existing technology policy was seen as the best way of achieving the aims set out in key strategies. This was noted by other policy advisors within Forfás, who argued that traditional science and technology funding had served Ireland well in the growth of the Irish economy, was aligned to major European funding sources, and the services and staff skills of the enterprise agencies (Interview former senior policy advisor 2, Forfás).

Over time, the senior policy advisor's (1) strategy evolved to address resistance to the new ideas. This saw him lobby for the creation of a Forfás Services Strategy Group (Services Strategy Group 2008), mirroring a similar group that had been developed to address the manufacturing sector. This included making representations to senior managers within Forfás and presenting evidence on the importance of the services sector to the Irish economy. The senior policy advisor (1) and his manager also helped to persuade the Forfás board to sanction joint working with IDA Ireland to hold an all-Ireland 'International Services Innovation Conference in 2007'<sup>6</sup>. This, again, benefitted from the evidence collected in earlier policy research, which enabled the official to align the novel policy concept to the innovation activities of leading multinationals in Ireland, many of which were either service focused, or adopting services in their activities (Interview former senior policy advisor 1, Forfás). This event was perceived, by the senior policy advisors, to raise the profile of services innovation, and succeeded in gaining support and participation from the enterprise support agencies, international and national business, and politicians from both sides of the Irish border (Forfás 2007 Interview former senior policy officer 2, Forfás ).

The success of the International Services Innovation Conference in raising awareness and interest amongst politicians across Ireland was such that the enterprise agencies began to examine the potential for small-scale pilot activities in the late 2000s (Kuusisto 2012). The subsequent onset of the financial crisis, however, saw economic activity decline severely, and public finances constrained (Fitzgerald 2014). This halted substantive policy formulation activities of the services innovation agenda, with attention switching to other priorities, such as securing Irish public finances (Interview senior policy advisor 3).

**Figure 2. Chronology of stages and events in the development of Irish policy for services innovation**



Despite losing impetus behind services innovation as a policy concept in Ireland, with funding constraints and the retirement of the senior policy advisor (1) and his manager, other Forfás officials from its Science and Technology team (Interview project officer, 1, EI; Interview former senior policy officer 3, Forfás) who had knowledge of the research were

able to revive it as part of the later national research prioritisation process (Research Prioritisation Steering Group 2011). This highlighted the ongoing currency of the concept in the Irish policy community, and saw Forfás policy advisors (also from the Science and Technology policy team) tasked by the (then) Minister (Bruton) - responsible for Jobs, Enterprise and Innovation - with establishing future research priorities for Ireland. The context for this process was the increasing focus given to job creation, and public financial constraints brought about by the earlier global economic downturn (Department for Jobs Enterprise and Innovation 2012). The policy officials were motivated by similar factors to their predecessors, including the primary desire to drive the policy agenda to support economic growth, with potential ‘spin-off’ benefits in terms of personal standing within Forfás, and advancement prospects (Interview former senior policy advisor 3). The approach adopted by the policy advisors included adapting similar tactics such as the industry-led steering group steering group mechanism (Interview project officer EI 1). Yet, despite the strong political support for the research prioritisation process, and the introduction of a services innovation research priority to Ireland’s innovation strategy in 2015 – ‘Innovation 2020’ (Department for Jobs Enterprise and Innovation 2015), the challenges remained, with the enterprise support agencies continuing to struggle to secure implementation (Interview project officers, EI and SFI).

## **5. Discussion**

The aim of this paper has been to examine how institutional context mediates, shapes and enables the work of policy entrepreneurs in introducing new innovation policy ideas. In doing so, it has sought to redress the tendency in the literature to see policy entrepreneurs as rational and ‘heroic’ actors in successfully introducing ideas to the agenda and achieving



implementation. Adopting this focus, it is argued, leads researchers to focus on linking such success to the skills and strategies of the policy entrepreneurs themselves, and downplaying context. Responding to recent calls from within the policy entrepreneurship literature for greater attention to be paid to contextual factors (Bakir and Jarvis 2017; Boasson and Huitema 2017; Mintrom and Luetjens 2017), the paper explores the interplay between agency and the multidimensional nature of institutional settings. It investigates this through comparative case-studies of Finnish and Irish policy entrepreneurs' development of new policies for services innovation, and explores the extent to which agency and contextual factors help explain the different outcomes achieved. A summary of the case comparison findings is set out in Table 2.

**Table 2. Cross-case comparison**

	Finland	Ireland
Field-level conditions	Technology and R&D rationale / policy legacy	Technology and R&D rationale / policy legacy
Institution procedures	RIC, Progressive / leading 3-year strategy cycle / rapid introduction of novel instruments	Forfás – benchmarking / cautious 6-year strategy cycle / evidence- based introduction of novel instruments
Social position of policy entrepreneurs	Insiders, spanning strategy and implementation (Tekes)	Insiders (strategy), separated from implementation (agencies)
Formulation period	2001-2006	2002-2008, 2013- ongoing
Implementation	Serve programme (2006-2013) / Integration into other instruments (2013 onwards)	Pilot projects (2008/09 and 2014 onwards)

While the policy entrepreneur literature often highlights the role of a broad range of actors in engaging in policy development, both case studies show the main entrepreneurs came from within government agencies, both of whom had previous industry experience. In this respect the policy entrepreneurs' social position was such that they were able to take action in developing the new policy ideas. The results, however, show that the Finnish entrepreneurs benefitted from the close partnership between Tekes strategy and implementation officials. This helped them to build the case for the new policy concept, not only securing strategic support to get their idea on to the policy agenda, but also providing expertise to plan and launch implementation of Serve. In this respect, the findings reveal a more complex picture of entrepreneurial engagement than is often presented, with multiple actors from across the policy community, acting in mutually beneficial ways, to ensure the institutionalisation of a new policy idea. This shows that policy entrepreneurship activity can go further than has previously been thought, and that it requires skills and credibility in different stages of the policy process. This opens the potential for a wide range of agency and social positions required in the lifetime of a policy, including policy monitoring, evaluation and design, but also external researchers and consultants.

The findings suggest some similarities in the strategies adopted by policy entrepreneurs in each country. Both groups of entrepreneurs, for example, were driven by a belief that traditional R&D-centric innovation policy was not well adapted to the future needs of businesses in their country, and made use of external expertise from academia and consultancy to frame their case for new service innovation policy instruments. While personal gain, formed part of these motivations for some policy entrepreneurs (for example reputation gain within policy areas, the findings show them to be reluctant to place these in the foreground. That is, they primarily saw their role as one of addressing important gaps in

innovation policy. This may imply a less calculating mode of entrepreneurship than found elsewhere in the literature (Kingdon 1984/2003).

Similarities in the reliance on discursive case building based on engagement with domestic decision makers and policy processes (the Tekes and Forfás boards represent important groups that policy entrepreneurs in both countries sought to present their cases for new policy development). A key aspect of this case building was engagement with academics and researchers to provide independent evidence on services innovation. Domestic and international networking was also evident, with engagement used by policy entrepreneurs in both countries to align their new policy ideas to those being adopted and discussed with business and policy makers. These findings highlight the interactive qualities of policy entrepreneurship, with its basis not only in learning about other countries' policy, but also using such international interaction to legitimize policy ideas domestically, and build credibility. In this respect, while the policy entrepreneurship literature illustrates the importance of venues for launching new ideas (Baumgartner and Jones 1993), these findings show that they can make use of domestic and international venues, using established processes (e.g. influencing programmes of research at the EC and OECD levels) to collaborate with like-minded policy entrepreneurs to transfer policy ideas, and encourage other bodies such as the European Commission to take action.

The results further show the temporal nature of policy entrepreneurship, with actors in Finland and Ireland developing concepts for services innovation policy over more than five years. This was, in part, linked to the challenge of producing convincing evidence to persuade senior colleagues and review processes (Kingdon 1984/2003). Such findings highlight the importance of persistence, but also resilience in policy entrepreneurship, with actors seeking

to convince sometimes sceptical audiences, and refining and adapting evidence during the case development process. Such personal resilience, contrasts with organisational resilience in the example of Forfás, where other staff were able to take over the development of the policy ideas, following the retirement of key personnel. In this respect the findings point to the importance of both aspects of resilience.

Analysing strategies and the skills of policy entrepreneurs alone, however, underemphasises the institutional differences, and their role in mediating their comparative success in launching the new policy ideas. Indeed, while each of the institutional factors identified by organisational institutional theorist was found in the case research, the research reveals that they can have properties that make them open to the emergence of new policy ideas. At the field-level, such properties were highlighted in the Finnish government's desire to be at the forefront of innovation policy in Europe, aligned to parallel developments in industry. This provided a supportive context for the ideas taking hold in Finland, in contrast to the Irish field-level conditions, where the ongoing belief in the importance of traditional concepts of R&D and technological innovation, made it comparatively more difficult for alternative ideas to emerge. Indeed, in this respect, the Finnish approach was built on leading the debate, while the Irish entrepreneurs gave greater attention to learning from other countries. The case evidence shows that while there is a tendency to focus on formal aspects of context in much of the entrepreneurship literature (Sotarauta and Pulkkinen 2011), informal, cognitive, institutions in the form of shared beliefs permeated across these multiple levels of governance.

In relation to standard operating procedures, these were also evident in both countries. In Finland, however, policy entrepreneurs were aided by multilevel governance arrangements

that allowed the rapid transfer of policy ideas from the RIC, down to Tekes, and gave the latter scope to pursue and implement new policy ideas. This was further enabled by Tekes' regular procedures for launching novel policy ideas. In contrast, similar cross-governance membership did not permit Forfás to implement the new policy ideas, and instead relied on the enterprise support agencies to adopt the ideas. This complexity and limited agency helped to reduce their power to ensure implementation of their ideas. In this respect the results highlight the important role of procedures and governance arrangements in both enabling but also constraining policy entrepreneurial activities.

## **6. Conclusion**

The findings from this research seek to contribute towards the emerging literature on policy entrepreneurship in innovation policy studies. This forms part of a growing interest in the role of actors in the innovation policy process (Edler and James 2015; Flanagan et al. 2011; James 2018), and gives attention to the role of institutional setting in shaping the ability of policy entrepreneurs to act. It does this by drawing on institutional theory, which emphasises the embedded nature of agency, and investigates the interplay between institutional factors and policy action.

The case results show how policy entrepreneurs adopted similar strategies, such as conducting policy research, making use of external expert consultants, and networking in domestic/international venues, persistence of effort. Eventual success in securing implementation of new policy ideas, however, was highly mediated by their institutional setting. This challenges existing accounts (e.g. Kingdon 1984/2003), and suggests that while agents may be required to support the development of new ideas, their introduction cannot be

guaranteed, or, indeed, understood without attention to the institutions. In this respect, the paper's findings emphasise the multidimensional nature of the institutional context facing policy entrepreneurs. Drawing on organisational institutional theory (Battilana et al. 2009) they highlight the role played by field level factors such as ongoing beliefs, or legacies, and their comparative openness to new ideas (in the Finnish case, but not the Irish case). Such beliefs, the research suggests, were based on historical policy practices and shared beliefs about policies required, but also the policy makers' desire to adapt to change in and engage in external debates. As a result such legacies can underpin the motivations of policy entrepreneurs to develop new ideas, but also the context's receptiveness to them.

The findings further show that formal and informal policy operating procedures can help the introduction of new policy ideas, particularly those that provide governance arrangements that enable policy entrepreneurs to rapidly secure a remit to develop new policy ideas (as evident in the Finnish case), and to implement these representing a difference in the cases. Here the cases also highlighted the importance of arrangements that allow strategy and implementation policy entrepreneurs to collaborate to mutually beneficial ends (including promotion of ideas believed to be important, with potential for reputational benefit, and commercial return in the case of consultants) in the introduction of new policy ideas. These procedures, it is argued, represent important factors in defining the propensity of a policy context to act on new ideas and transfer them into practical policy supports. Indeed, the configuration of these procedures can help to launch new policy ideas, but also implement them, and assist in ensuring their longer term institutionalisation.

The presence of procedures and policy beliefs in the comparative cases highlights the dangers of assigning too much agency to policy entrepreneurs. That is, while the policy entrepreneurs

brought dynamism, commitment and persistence to the task of developing services innovation policy, the results show that they were embedded in an institutional context that provided the procedures that governed their policy development activities, established the receptiveness of the context to their ideas, and determined their eventual ability to succeed in getting those ideas onto the agenda and beyond. In this respect they point to policy entrepreneurialism as an instituted process, which mediates outcomes.

Finally, while the focus of this paper has been on policy entrepreneurs getting their ideas onto the agenda and implemented, there remains a challenge for innovation policy researchers to examine these factors in the ongoing maintenance of policies, and their renewal over time.

This is an area of research that organisational institutional researchers are beginning to examine using the concept of ‘institutional work’ (Lawrence and Suddaby 2006; Lawrence et al. 2009). This sees such work as ‘...the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institution’ (Lawrence and Suddaby 2006: 215). In this respect innovation policy research is in the early stages in understanding the wider policy roles that operate in in the birth, renewal and decline of policy. Broadening out our understanding of policy work by using such concepts can help to move our focus away from the entrepreneurial, and exceptional cases, to look at the everyday work of actors as they seek to influence new and existing policies.

## **Footnotes**

1. Science and Technology Policy Council
2. Tekes formally became part of Business Finland in January 2018, and continues to provide funding for business innovation <https://www.businessfinland.fi>
3. The Tekes Strategy Director had executive responsibility for strategy at Tekes. He worked closely with the Tekes evaluation unit, which analysed Tekes and statistical data, to support the annual strategy processes, and was a member of the Tekes management team.
4. VTT is the Technical Research Centre for Finland, <http://www.vttresearch.com/>

5. While the financial downturn did not immediately impact strongly on the ability of Finnish policy entrepreneurs to deliver the Serve programme and successor projects, Finnish innovation policy was not immune from recession. Indeed the early 1990s recession has been linked to the desire to strengthen R&D activity in the years preceding the development of services innovation policy (Aro and Heiskala 2015).

6 This all-Ireland conference was held in Dublin in 2007. Organised by one of the policy entrepreneurs, it was jointly hosted by Forfás, IDA and EI. In addition to attendance by business, academics and policy makers, it was notable for the involvement of high-level political representation from the Republic of Ireland and Northern Ireland (Tekes 2007)

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