

Public-private partnerships, public service delivery and innovation: a market-centered approach

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Innovation & PPP today: a critical look

- Innovation regarded as an inherent feature of PPP
- Conceptually problematic:
innovation=change?
- Often limited to normative perspective
- Empirically understudied
- **Innovation defined from user perspective, provider perspective largely neglected**

Main argument

- PPP affect innovation in private sector
 - Government as important partner (client, user, standard-setter etc.) for private sector
- Innovation as fundamental in modern capitalism,
 - In PPP government is in a position to affect the routines of private sector and, thus, the rate and direction of economic change
- Governments can deliberately use this potential, or it can do that by accident
- PPP as demand-side factor in innovation process

Demand: what & how?

- PPP as demand-side factor in innovation process can
 - lead to new products, and
 - create innovation-conducive learning environments
- by
 - placing sophisticated demand, bearing higher entry costs, creating critical mass, signaling the market, and linking innovation to production.
- Introduction of new solutions into marketplace; diffusion by copying and imitating also crucial

How to justify?

- Systemic failure
 - lacking markets for products and technologies of high potential
 - insufficient articulation of demand
- Industrial development
 - lead-markets with high future potential
 - diffusion of technologies (consolidation and test-beds)
- Societal challenges
 - Ageing, green energy, pollution etc. where markets are seen as key solution

Issues

- Conceptual premises differ from “mainstream” thinking (government intervention into economy; price-based vs innovation-based competition)
- Assumes shift in public sector culture
- Assumes different policy and administrative capabilities
- ...

To sum up:

- Market-centered perspective important as PPP can spur technology and economic change
- PPP & innovation debate should consider market-centered approach more systematically
- Demand-side perspective as a possible framework to use

Thank you!

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