The role of service design consultancy in public sector: Inferences from KIBS and service innovation perspectives

Adedapo Adebajo
Doctoral Researcher in Management
University of Edinburgh, United Kingdom
adedapo.adebajo@ed.ac.uk

Abstract

Amidst the wave of socio-economic problems and challenges plaguing the society, it has become imperative for governments and public managers to find novel ways of innovating in the public sector and service design is being touted as the panacea. There is an array of studies and research works that have attested to the efficacy of service design in fostering public service innovation but many of these works are still bereft of a service innovation perspective that properly sheds the light on the consultancy practices of service designers as external experts in the public sector and their contribution to service innovation in the public sector. Against this backdrop, this paper aims to contribute to the discourse by conceptually explicating the role of service design consultancy in the public sector and the implication on governance through the lens of synthesis service innovation and KIBS perspectives.

KEYWORDS: service design, service innovation, KIBS, public sector, governance

Introduction

Innovation in the public sector remains a major focus for many governments owing to the growing crisis in the global economy and the need to mitigate these implacable social problems with effective design and delivery of public services (Bryson et al., 2016). Several scholars have asserted that the creation of value for the citizenry can be attained with a ubiquity of innovative practices and service provision (Alves, 2013; Frow and Payne, 2008; Black and Gallan, 2015; Crosby et al. 2017). Against this backdrop, public service providers are now embracing service design, which is currently gaining traction in the public sector. Service design involves the adoption of human-centred approaches and participatory techniques to create service experiences with a network of stakeholders (Trischler and Scott, 2015). The increasing interest in the design phenomenon has precipitated the need for public managers to consult external design experts who can deploy their expertise and knowledge of designing, redesigning and improving public services (Rizzo et al. 2012).
However, design consultancy firms are just like many other types of consultancy firms that have been classified as knowledge-intensive-business-services (KIBS), owing to their nature of service offerings- knowledge (Miles, 1995). KIBS are characterized by their ability to produce knowledge, the provision of intangible services that occur through interaction and client-consultant relationship (den Hertog, 2000). They provide business-related but knowledge-intensive-business services that are meant for clients or public consumption. Some design consultants are either hired as external consultants in which they operate from the outside, or as internal experts within the organization, especially in a creative capacity (Kimbell, 2009).

For several years, research studies and academic works on KIBS and their contribution in the public sector have concentrated in the fields of management and IT consultancy firms (Hogg and Karantinou, 2001; Christensen, 2005). These professions have been the most prevalent on the agenda of KIBS researchers, owing to the popularity of IT profession and the recognition of management as a knowledge-based practice (Landry et al. 2012; Lessard, 2014; Savic, 2016). Other KIBS categories like design consultancies have not enjoyed much attention from researchers. This is partly due to service design a field that is still developing in terms of practice and theory (Kimbell, 2009).

Service design has ascended over the years in the public sector (Sangiorgi, 2015) and it has been reputed to be a potent catalyst of service innovation (Patricio and Fisk, 2012), particularly in the private sector. However, the array of grey literature and research works have largely extolled service design, with regards to its methods and practices, which sometimes offer a biased practitioner-based perspective.

In addition, the diversity in public services could possibly inform the heterogeneous ways of ensuring and managing innovation (Bessant and Maher, 2009). The public sector consists of several compartments and services that are designed and utilized differently. For instance, design approaches to innovation in social care might be at variance with the techniques that are suitable for the design of efficient waste management services. Consequently, such variations in the structure and services of these public service systems could demand different modes of interaction, relationship, co-design process and design methods. Current literatures in service design are yet to inform on these intricacies and their implications for public service innovation.

The significance of this paper is to further enlighten on the role of service design in public services and assess its contribution to service improvements and new solutions to socio-economic problems. It is important for the government, public service organizations, the service users, policy-makers and other stakeholders to understand the contributions of service design consultancies, as this will enlighten on their practices and capacities and how best their competencies can be channeled towards enabling economic development.

The Essentials of Service Design

Service design as a practice is predicated on a human-centered approach to the development of service systems, arrangements and the transformation of human lives (Ohno et al. 2015; Kimbell, 2011; Olilia, 2012). Although now grounded in design culture, its origin is in service marketing (Maffei et al. 2005; Andreassen et al. 2015; Sangiorgi and Junginger, 2015). It incorporated elements of services and design and developed as its own discipline, making it distinct from other variants of design e.g. product design and interaction design (Sangiorgi and Junginger, 2015).

Despite its popularity in Northern Europe and a flourishing industry in the UK (Sanders and Stappers, 2008), research on the contribution of service design is still insufficient. Most research studies have focused on the nature of design practice in the public sector (Sangiorgi, 2015), service design for social innovation (Yang and Sung, 2016), embedding service design in public sector firms (Bailey, 2012) and on the efficacy of service design methodologies (Radnor et al. 2014; Trischler and Scott, 2015). Less attention has been given to the role of the...
actors (the design consultants) and understanding their contribution from a knowledge intensive business service perspective.

Design thinking represents the way design is applied to solving problems and creating innovation using design tools and methods (Kimbell, 2011). Sangiorgi and Junjinger (2015) describe the two distinctive perspectives of design thinking. The first perspective argues for the idea of design and designing being exclusive to professional designers. They believe in the singularity of the concept and practice of design. The other perspective views design as inclusive in which both professional and non-designers can engage in design. This view supports the co-design concept of bringing design experts and non-designers together to co-create in a design process (Trischler and Scott, 2015). From a design standpoint, co-design is viewed as collaborative creative design (Gul and Maher, 2008; Kankainen et al. 2011; Mattelmaki et al. 2011; Park, 2012); from a public management perspective, the co-design concept represents the way in which service actors collaborate through design process to achieve the co-production and co-creation (Sanders and Stappers, 2008; Gebauer et al. 2010; Botero and Hyyselo, 2012; Trischler and Scott, 2015; Vink et al. 2016; Rogers, 2017).

Service Innovation in the Public Sector

The broad use of the term ‘innovation’ is usually equated with novelty or something new but this has lead to the debate among innovation scholars about the difference between innovation and invention (Mulgan and Abury, 2003; Hartely, 2005). However, there are divergent views on the definition of innovation (Toivonen and Tuominen, 2009; Witell et al. 2016). The public sector has always been perceived and described as being lethargically innovative compared to the private sector (Scupola, 2014). While the responsibility of innovating rests with staff and the organization in whole in the private sector (Hartley, 2005), innovation in the public sector is contingent upon policies and paradigmatic influences (Djellal et al. 2013). Despite the surge in the research literature on innovation in the public sector over the years, the nature and process of innovation remain ambiguous (Osborne and Brown, 2011).

However, Bommert (2010) argues in favor of a new paradigm that could foster collaboration innovation in the public sector. Similarly, Sorensen and Torfing (2012) point out that the lack of interactive climate in the public sector could inhibit collaborative innovation; therefore, for such an interactive process to exist, managers must act as the conveners, mediators and catalysts for interactive sessions. The main limitation of the model is that it is producer-centric and neglects the user as a potential co-producer in the innovation process.

Service Innovation: Service Management Perspectives

In terms of perspectives on service innovation, three main perspectives dominate recent discussions and debates on the concept in innovation research. Assimilation perspective asserts that innovation is rooted in the technology and views it as an outcome of technological inventions (Drejer, 2004; Coombs and Miles, 2000). Demarcation perspective takes a dyadic approach to the conceptualization of service innovation (Toivonen and Tuominen, 2009; Witell et al. 2016). It views service innovation as inherent in business relationships between a producer and a service user or between the firm and the client; it also differentiates between service innovation and product innovation (Witell, 2016).

The synthesis perspective is integrative in its approach to defining service innovation. It combines some of the premises of the other two perspectives but the distinction lies in its view of service as ‘a perspective on value creation’ (Drejer, 2004; Edvardsson et al. 2005; Skalen et al. 2014). The synthesis viewpoint of service innovation emphasizes that ‘service as a perspective can be used to understand innovation in all types of offering’ (Witell, 2016). The conceptual shift from good to service dominant logic in service management influenced the emergence of the synthesis perspective of service innovation (Sangiorgi and Prendiville, 2014). The argument of the synthesis perspective is that the innovation lies in a new process development or new outcomes that enable value co-creation (Skalen, et al. 2014). This paper Adedapo Adebajo

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draws on the tenets of the synthesis perspective to delineate the role of service design consultancy in the public sector. Owing to its conceptualisation of service innovation, the synthesis perspective is suitable for understanding the role of service design consultancy firms in the public sector.

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![Figure 1: The Service Innovation Perspectives (Witell, 2016)](image)

The synthesis perspective is premised on the tenet that service innovation entails both the development process of a service and its outcome. The innovated service is viewed as an embodiment of value propositions that are created through the development of existing practices or creating new ones (Cullen, 2008). It takes a user-centric view of how innovation affects the user in terms of facilitating value-in-use through the creation of a new process (or an improvement on an old process) and a new outcome. Skalen et al. (2014) support the notion by asserting that service innovation occurs when new value propositions are created through the development of new or existing practices and resources or through new ways of integrating these practices and resources.

**Service Design Consultancy Firms as KIBS**

Consultants have been deemed as knowledge producers who sell knowledge and expertise, build relationships with clients in the process, and affect structural and systemic change (Gunter et al. 2015). Consultants can be internal- when they are in-house and are within the client’s organizational structure or external- outside the client’s organization but are hired to solve or assist with solving a problem (Strambach, 2008). External consultants are usually hired because of the idea that they can offer objectivity and a fresh outside-in perspective (Soriano et al. 2004; Wye et al. 2015).

Studies on consultancy, its growth, the role of consultants and the contribution are ubiquitous (Muller and Doloreux, 2009; Radnor and O'Mahoney 2013; Kuusisto and Viljama, 2004). In the accounting-related literature, KIBS are described as knowledge-producers and change agents (Lapsley and Oldfield, 2001; Kuusisto and Viljamaa, 2004; Christensen, 2005; Sturdy et al. 2013). The innovation-related literatures on KIBS assert the description of consultants as co-producers of innovation (den Hertog, 2000; Huggins, 2011; Doloreux and Shearmur, 2013; Ferreira et al. 2013; Pina and Tether, 2014).

However, KIBS are not limited to accounting and management consultancy firms. According to Sangiorgi et al. (2015), design firms are also a type of KIBS because some are service organizations that offer professional knowledge while others are product design firms who are consulted to design products for clients. Strambach (2008) identifies three main features that characterize heterogeneous KIBS divisions in which service design firms also possess: a) knowledge-intensive services that are intangible, research and solutions, b) interaction is the
mode of provision and cumulative learning occurs among actors c) they are into the activity of consulting which involves problem-solving through the adaptation of expertise and expert knowledge.

This buttresses the view of Kuusisto and Viljamaa (2004) that emphasizes the mutual exchanges between the consultant and the client (service provider/user), reciprocal learning and an interactive process of jointly creating the solution or service (Kuusisto and Viljamaa, 2004).

Pina and Tether (2014) note that most past studies on KIBS have either treated the group as a homogeneous, classifying most KIBS under management consultancy, R&D and IT firms or paid little attention to other types of KIBS and the way they co-produce knowledge. Strambach (2008) affirms that owing to the diversity in the KIBS sector, the way knowledge is produced for or with the public sector clients is complex and idiosyncratic to each sub-sector. For instance, science-based KIBS tend to be more analytical than the industrial types. Miles (2005) opines that KIBS are diverse with variations in the way they consult; therefore, it is important to understand that design consultancies are not just firms with design competence but also as knowledge-intensive business services in the public sector who co-produce innovation through interactive learning and joint problem-solving.

Service Design Consultants as Co-Producers of Innovation: Impact on Governance

As co-producers of innovation, service design consultants work collaboratively and iteratively with public sector clients and other stakeholders to create new services or improve on existing ones from a people-centred perspective (Sangiorgi et al., 2015). Also, service design consultants work to give structure and legitimacy to public innovation projects and through their expertise, they stimulate organizational change and cultural repositioning in the public sector (Design Council, 2018). As public sector clients become more involved in the design of services, they take on new roles and become partners and not just passive stakeholders (Verhulst, 2016). Since KIBS foster interactive learning and the sharing of knowledge through interaction and strong client-consultant relationship (den Hertog, 2000), the public sector clients could learn how to innovate through design.

The citizens/users are also involved. Their knowledge, experiences and needs are pivotal to the design process (Sanders and Stappers, 2008). Participatory approaches like co-design becomes the platform where designers and non-designers like users and clients could engage each other, negotiate their various expectations and exchange resources to innovate (Steen, 2013). Bason (2010) notes that the involvement of key stakeholders in the design process is essential to public sector innovation and ultimately a potent recipe for tackling social problems.

In recent years, service design consultants are becoming agents of change in governance. In most OECD countries, governments are embracing the use of service design consultants at the policy level for societal transformation (Verhulst, 2016). In the United Kingdom, the Cabinet Office’s Policy Lab is a quintessential case. The Lab is a hub of service design consultants, policy experts and researchers who assist the government in designing innovative public policies through research, digital and design techniques that could contribute to transformative governance. They adopt design methodologies and ethnographic approach to unearth insights to the menacing social problems that require government’s intervention and innovativeness. Through an open co-creative approach, services are designed around people’s needs and experiences (Policy Lab, 2018).
Conclusion

Since synthesis perspective considers service as a perspective and defines service innovation as encompassing both new processes and outcomes, therefore, design consultancy firms are facilitators of service innovation and value creation through their co-creative practices and user-centered methods that engender users’ value-in-use creation efforts.

Service design is about the application of myriad design techniques in designing services, systems and experiences that are fortified with value propositions, which facilitate the creation of value by the eventual user. By virtue of the adoption of participatory and interactive techniques in service design, it enables a co-creative platform for stakeholders to collaborate and co-innovate new processes and outcomes that the users can utilize for value generation. This is analogous to the KIBS perspective of design consultants as co-producers of innovation.

As external consultants in the public sector, service designers are hired for their expertise and relied upon to assist in the development of new or existing processes and also in proffering solutions to problems through interactions and collaborative relationships. Innovation then becomes a joint effort, a form of co-production that involves the design consultants and a network of stakeholders (clients, users etc.). This collaborative and integrative problem-solving process, usually called co-design, fosters reciprocal learning among the participating actors and potentially positions the service design consultant as a knowledge-facilitator and an important catalyst for value creation in the public sector.

However, it is important to note that this paper does not deem service design as the cure-all to public sector problems. Likewise, service designers are not to be perceived as magicians with the decisive potion for all public ills. They are co-producers whose prospect of spurring innovation when they impart their expertise depends on the partnership that is forged with the public sector clients/stakeholders. Therefore, the interdependency and dynamics of the relationship between service design consultants and their public sector clients need further enlightenment. Furthermore, the popularity of service design in the public sector is already evident in many developed economies, but the impact and contribution of service design consultancy to public innovation still needs more evidence-based inquiry and assessment. Also, there are still refactory institutional constraints and cultural factors that might decelerate the pace of service design impact in the public sector. The public sector is a monolith with behavioural characteristics that could possibly stifle innovation. Bureaucracy, aversion to risk and political agendas of power-holders and power-brokers in the public sector could serve as deterrents to the new way of thinking about public service design and innovation. In other words, if public innovation must be enabled and sustained, service design thinking requires a change in public sector mindset and a new way of doing things.

References


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