Chapter 8

Intrapreneurship Initiative Based on an Internal Ideation Contest in the Public Sector: The Case of Madrid City Hall (Spain)

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ABSTRACT

There are few studies that provide empirical evidence of the use of crowdsourcing initiatives within public organizations as an element that favors an innovative culture where employees are able to acquire a sense of accomplishment and recognition by presenting new ideas and innovative possibilities and, consequently, help to improve public sector efficiency and deliver new and better-quality services. Through a single case study, the purpose of this chapter is to assess how an internal ideation contest initiative (internal crowdsourcing) in a local government institution—Madrid City Hall (Spain)—can promote intrapreneurship and be a lever for a culture of innovation in public organizations, for which the authors have used the innovation culture model of Rao and Weintraub as a theoretical framework. The results show that through that initiative, Madrid City Hall was able to enable employees' participation, leverage collective intelligence, and definitely stimulate an entrepreneurial spirit within their organization.

DOI: 10.4018/978-1-7998-1981-3.ch008

INTRODUCTION

We live in times of change and permanent transformation, *liquid times* according to Bauman (2007), which require rapid adaptation by the public administrations in order to respond to the demands of a society that is requesting more, faster and higher quality services. In this context, public innovation is often presented as the lifeline to this changing reality, reaching out to society through more direct models of government and participation (Open Government) and bringing the provision of public services to the society through e-Government.

In recent times, this transformation has been accelerated by several factors. First, in the current economic crisis initiated in 2007, the public sector has been subject to major budget constraints. Second, the demand for public services in many advanced countries is growing faster than the rest of the economy (Thenint, 2010). Finally, there is pressure to tackle challenges such as ageing, climate change and migration. In order to respond to these challenges, while most managers in the public sector struggle with what to do, a few of them consider that public institutions need to reorient their focus to become organizations where intrapreneurship thrives, is valued and rewarded and becomes a core part of the organizational fabric (Desouza, 2013) in order to allow the public sector to be more innovative.

It is precisely in local government that the most innovative urban management practices have been developed, for example, those related to citizen participation. This has taken place in cities such as Madrid (MediaLab Prado), La Coruña (Co-Lab), Cornellá (Citilab) or Granada (LabIN), but also in cities such as Buenos Aires, Mexico City or Quito, where innovation laboratories promoted by administrations have taken shape. These spaces have favored the democratization of innovation in order to bring methodologies closer together and opened up collaborative learning to all of civil society.

After these efforts, where does this leave public innovation? According to the general innovation results, the public sector in Europe innovates, but still faces a number of internal and external obstacles. The European Public Sector Innovation Scoreboard (2013) identified internal barriers as a lack of human and financial resources, a lack of management support and staff incentives and a risk-averse culture or staff resistance. Therefore, more in-depth studies should be carried out finding mechanisms that help minimize internal barriers and stimulate a more innovative-oriented culture in public organizations.

In this regard, this research pursues a "micro-perspective", which has been repeatedly demanded in the literature (Zuchowski *et al.*, 2016). It then matches this perspective with an organizational level analysis of capabilities and culture.

This study responds to the overarching research question: how does the implementation of an internal ideation contest in a public organization - Madrid City Hall (Spain) - influence the development of an innovation culture? This main question is related to two operational objectives:

- 1. Understand the characteristics, and key factors of an internal ideation contest, as well the rationale behind it.
- 2. Test which components of the innovation culture model selected are strengthened by its implementation.

The basic methodology applied in this research has been a single holistic case study, whose design has been adapted from Villarreal (2007) and Villarreal and Landeta (2010). This design has been drawn up using the most relevant contributions (Eisenhardt, 1989; Maxwell, 1996; Yin, 1989, 1998) from literature reviews.

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