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Institutional Theory and Public Sector Innovation: Understanding Organizational Responses to Reform Pressures in Government Agencies

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ABSTRACT

This paper examined the influence of institutional pressures on public sector innovation and organizational responses to reform initiatives in government agencies using a mixed method survey design. Drawing on Institutional Theory, the study investigated how coercive, normative, and mimetic pressures shape the adoption and implementation of innovation within public organizations. Quantitative data were collected through structured questionnaires administered to employees of selected government agencies, while qualitative data were obtained through semi-structured interviews with key informants involved in reform implementation and organizational change. Quantitative data were analyzed using descriptive and inferential statistics, while qualitative data were analyzed through thematic analysis. The findings revealed that institutional pressures significantly influence innovation activities in government agencies. Coercive pressures arising from government regulations, policy directives, and accountability requirements emerged as the strongest drivers of innovation. Normative pressures from professional standards and training, as well as mimetic pressures resulting from inter-agency learning and benchmarking, also shaped organizational responses to reform initiatives. The study further found that many agencies adopted innovation programmes to enhance organizational legitimacy and demonstrate compliance with external expectations. However, some reforms were implemented symbolically, resulting in formal compliance without substantial organizational transformation. The findings also highlighted the critical roles of leadership commitment, employee participation, and supportive organizational cultures in achieving successful innovation outcomes. The study concludes that public sector innovation is not solely driven by efficiency considerations but is strongly influenced by institutional environments. Sustainable innovation requires adaptive leadership, employee engagement, organizational learning, and reform strategies that promote genuine transformation rather than symbolic compliance. The study recommends strengthening institutional capacity and participatory reform processes to enhance innovation and service delivery in government agencies.

Keywords: Administrative reform; Government agencies; Institutional theory; Organizational change; Public sector innovation.

INTRODUCTION

Public sector organizations have historically been associated with stability, hierarchy, formal procedures, and bureaucratic control. These characteristics, largely influenced by the traditional Weberian model of bureaucracy, were designed to promote predictability, fairness, and consistency in government operations. However, the contemporary public sector environment has become increasingly complex, requiring government agencies to become more flexible, innovative, and responsive to societal challenges (Pollitt & Bouckaert, 2017). Citizens today demand faster, more accessible, and higher-quality public services, while governments face pressure to operate efficiently under limited financial resources. In response to these challenges, public sector reforms have become a global phenomenon. Governments have introduced various reform programmes aimed at improving administrative efficiency, strengthening accountability, adopting digital technologies, and enhancing service delivery. These reforms include public management reforms, e-government initiatives, performance-based management systems, and collaborative governance approaches (Dunleavy & Margetts, 2018). Despite these efforts, the outcomes of reforms have remained inconsistent. In Nigeria, while some government agencies have successfully transformed their operations through innovation, others have maintained existing routines and practices despite reform pressures. The inability of many public organizations to achieve meaningful transformation raises important questions about how government agencies respond to institutional pressures. Why do some agencies embrace innovation while others resist change? Why do reforms sometimes produce only symbolic compliance rather than genuine organizational transformation? Institutional theory provides a useful framework for addressing these questions because it explains how organizations are influenced by social expectations, institutional norms, regulatory requirements, and pressures for legitimacy (Scott, 2019).

Institutional theory suggests that organizations do not operate solely based on efficiency considerations; rather, they are embedded within broader institutional environments that shape their structures, decisions, and behaviours. Government agencies often adopt policies, structures, and innovations not only because they improve performance but also because they enhance organizational legitimacy and demonstrate conformity with societal expectations (Greenwood et al., 2017). This explains why some reforms may be adopted superficially, creating a gap between formal policies and actual organizational practices. The concept of public sector innovation has gained significant attention in recent years due to the growing recognition that traditional bureaucratic approaches may not adequately address contemporary governance challenges. Public sector innovation involves the development and implementation of new ideas, processes, technologies, and approaches aimed at improving government performance and public value creation (OECD, 2019). Innovation in government may involve digital transformation, new approaches to citizen engagement, policy experimentation, or improvements in administrative processes. However, innovation within government agencies is often complicated by institutional constraints. Public organizations operate under strict regulations, political oversight, accountability requirements, and established routines that may limit experimentation and risk-taking (De Vries, et al 2016). Unlike private organizations that may prioritize competitiveness and profitability, public agencies must balance innovation with legal compliance, political expectations, and public accountability. This study therefore explores the relationship between institutional theory and public sector innovation by examining how government agencies respond to reform pressures. The study argues that organizational responses to reform are shaped by institutional forces, including coercive pressures from government regulations, normative pressures from professional standards, and mimetic pressures arising from imitation of successful organizations. Despite sustained administrative reforms aimed at improving efficiency, transparency, and service delivery, many government agencies continue to experience limited innovation and inconsistent organizational change.

LITERATURE REVIEW

Conceptual Review

Institutional Theory: Foundations and Contemporary Understanding

Institutional theory is one of the most influential perspectives for understanding organizational behaviour, particularly within public administration and management studies. The theory explains how organizations are shaped by formal and informal rules, social expectations, cultural beliefs, and environmental pressures. Unlike traditional organizational theories that emphasize efficiency and resource optimization, institutional theory highlights the importance of legitimacy and social acceptance in determining organizational survival (Scott, 2019). The modern development of institutional theory is largely associated with the emergence of new institutional sociology in organizational studies. Meyer and Rowan (1977) argued that organizations often adopt formal structures because they are socially recognized as appropriate, even when such structures may not necessarily improve efficiency (Kuipers et al., 2018; Fernandez el al., 2017). According to this perspective, organizations frequently conform to institutional expectations in order to gain legitimacy and maintain public confidence. DiMaggio and Powell (1983) further expanded institutional theory by explaining how organizations within the same environment tend to become increasingly similar through a process known as institutional isomorphism (Greenwood et al., 2017; Bromley et al., 2016). They identified three major forms of institutional pressure: coercive pressures, normative pressures, and mimetic pressures. Coercive pressures arise from formal regulations, laws, political authority, and expectations imposed by powerful stakeholders. In government agencies, coercive pressures may include legislation, government directives, budget requirements, and administrative policies. For example, a government ministry may be required to adopt digital procurement systems because of a national policy directive. Normative pressures emerge from professional standards, educational systems, and shared expectations within professional communities. Public administrators often adopt innovative practices because they are promoted by professional associations, international organizations, and public management experts. Mimetic pressures occur when organizations imitate practices adopted by other organizations perceived as successful or legitimate. Government agencies may copy digital service models, performance management systems, or organizational structures from leading public institutions because such practices are viewed as modern and effective.

Contemporary institutional theorists argue that organizations are not simply passive recipients of institutional pressures. Instead, they possess the capacity to interpret, negotiate, and sometimes reshape institutional expectations (Greenwood et al., 2017). This development has introduced concepts such as institutional entrepreneurship, which refers to the ability of actors within organizations to create and promote institutional change. In the context of public sector innovation, institutional theory provides valuable insight into why government agencies may simultaneously pursue innovation while maintaining traditional practices. Public organizations often face conflicting demands: they must preserve stability and accountability while also demonstrating creativity and adaptability.

Public Sector Innovation: Meaning and Dimensions

Public sector innovation has become an important area of research and practice due to increasing recognition that traditional bureaucratic approaches are often insufficient for addressing complex societal problems. Unlike the private sector, where innovation is frequently associated with competitive advantage and profitability, innovation in public organizations is primarily concerned with improving public value, enhancing service quality, increasing efficiency, and addressing citizens' changing needs (OECD, 2019). Public sector innovation can be defined as the creation and implementation of new ideas, processes, technologies, policies, or organizational arrangements that produce significant improvements in government operations and outcomes (De Vries et al., 2016). It involves not only the introduction of new technologies but also changes in administrative procedures, institutional relationships, leadership approaches, and ways of engaging with citizens. The importance of innovation in the public sector has increased due to several factors. First, governments worldwide face increasingly complex challenges, including climate change, public health crises, unemployment, inequality, and rapid technological transformation. These challenges require innovative solutions that go beyond traditional administrative methods (Torfing, 2019). Second, citizens have become more demanding, expecting public institutions to provide services that are faster, more transparent, and comparable to services offered by private organizations. Public sector innovation can take several forms:

Administrative Innovation

improvements in internal government processes, structures, and management systems. Examples include performance management systems, public financial management reforms, new approaches to human resource management, and improved decision-making processes. Many administrative reforms have attempted to move government agencies away from rigid bureaucratic procedures toward more flexible and performance-oriented systems. However, institutional theory suggests that such reforms may not always produce expected outcomes because organizational cultures and established routines can influence how reforms are implemented (Pollitt et al., 2017).

Digital Innovation

Digital innovation is one of the most visible forms of contemporary public sector innovation. Governments increasingly use digital technologies such as artificial intelligence, electronic platforms, data analytics, and online service systems to improve accessibility and efficiency. Mergel, et al., (2019) argued that digital transformation in government is not merely a technological change but a fundamental organizational transformation requiring new skills, leadership approaches, and institutional arrangements. Many government agencies struggle with digital innovation because existing bureaucratic structures and outdated organizational cultures limit their ability to adapt.

Service Delivery Innovation

Service delivery innovation involves developing new methods of providing public services to citizens. This may include one-stop service centres, mobile government applications, citizen feedback platforms, and partnerships with private or civil society organizations. The success of service innovation depends heavily on understanding citizens' needs and creating organizational environments that encourage experimentation and learning (Bason, 2018). However, government agencies often face challenges because risk avoidance and strict accountability systems may discourage innovative approaches.

Policy Innovation

Policy innovation involves developing new approaches to addressing public problems. Governments increasingly use policy laboratories, pilot projects, behavioural insights, and collaborative governance mechanisms to design more effective policies. Policy innovation requires openness to experimentation and learning. However, institutional pressures may influence whether agencies genuinely experiment or simply adopt innovative language to demonstrate modernization without changing their actual practices (Moynihan & Lavertu, 2017).

Organizational Change in Government Agencies

Organizational change refers to the process through which organizations modify their structures, strategies, processes, technologies, or cultures in response to internal and external pressures. In government agencies, organizational change is often associated with administrative reform programmes designed to improve efficiency, accountability, and responsiveness. Unlike private organizations, government agencies operate within highly institutionalized environments. Their activities are influenced by laws, political expectations, professional norms, and public accountability requirements. As a result, organizational change in the public sector is often slower and more complicated than in private organizations (Kuipers et al., 2018). A major challenge facing public sector organizations is resistance to change. Resistance occurs when employees perceive reforms as threatening existing roles, job security, professional identity, or established ways of working. Bureaucratic cultures often value stability and predictability, making radical innovation difficult to achieve. Institutional theory explains that resistance to change is not always simply an individual problem. Rather, it may reflect deeper institutional arrangements that reinforce existing behaviours and organizational routines. Government employees may resist reforms because established practices have become socially accepted and provide a sense of security and legitimacy. However, organizational change does not always involve resistance. Some public organizations develop adaptive capacities that enable them to respond positively to reform pressures. These organizations often possess strong leadership, learning-oriented cultures, employee participation mechanisms, and effective communication systems (Fernandez & Rainey, 2017). Leadership plays a particularly important role in facilitating organizational change. Public sector leaders act as change agents who interpret reform demands, mobilize employees, and create conditions that support innovation. Without effective leadership, reforms may remain limited to formal policies without producing meaningful changes in organizational behaviour.

Empirical Review

Empirical studies on public sector innovation have increasingly examined how government organizations adopt new practices, respond to reform initiatives, and overcome institutional barriers to change. Existing evidence demonstrates that innovation in the public sector is influenced by multiple factors, including organizational culture, leadership commitment, institutional pressures, technological capacity, and employee involvement.

De Vries, et al., (2016), in their systematic review of public sector innovation studies, examined empirical research on innovation processes within government organizations. Their review revealed that public sector innovation is influenced by both internal and external factors. Internally, leadership support, organizational resources, employee motivation, and innovation-oriented culture were identified as important drivers. Externally, political pressures, citizen expectations, and collaboration with external stakeholders significantly influenced innovation outcomes. The study concluded that public organizations require supportive institutional environments to successfully implement innovative practices.

Cinar, et al., (2019) conducted a systematic review of barriers affecting public sector innovation processes. Their findings showed that bureaucratic structures, resistance to change, lack of resources, inadequate coordination, and risk-averse organizational cultures were among the major obstacles preventing innovation. The study demonstrated that government organizations often struggle to balance established administrative procedures with the flexibility required for innovation. This finding supports institutional theory’s argument that deeply embedded organizational routines can influence responses to reform pressures.

Mergel, et al., (2019) examined digital transformation in public organizations through qualitative interviews with government experts. Their findings indicated that digital transformation involves more than adopting technological tools; it requires significant changes in organizational structures, employee capabilities, leadership approaches, and institutional practices. The study revealed that many public agencies experience difficulties because digital reforms often conflict with traditional bureaucratic arrangements. This finding highlights the importance of examining innovation within broader institutional contexts rather than viewing it purely as a technological issue.

Kuipers et al. (2018) reviewed research on organizational change in public sector institutions and identified leadership, communication, employee participation, and organizational readiness as major factors influencing reform success. Their findings showed that public organizations often experience difficulties implementing change because employees may perceive reforms as externally imposed. The study emphasized that successful transformation requires active involvement of organizational members, together with supportive change management practices.

Torfing (2019) examined collaborative innovation within the public sector and argued that many government challenges cannot be solved through traditional hierarchical approaches. Using evidence from public organizations, the study demonstrated that collaboration among government agencies, citizens, private organizations, and civil society groups can improve innovation capacity. However, institutional constraints, including bureaucratic traditions and rigid administrative procedures, may limit collaborative approaches.

Pollitt and Bouckaert (2017) used comparative evidence from different countries to demonstrate that administrative reforms are strongly influenced by national institutional contexts. Their findings showed that reform models transferred from one country to another often produce different outcomes because political systems, administrative cultures, and organizational capacities vary. The study suggests that government agencies do not simply adopt reforms mechanically; rather, they interpret and adapt reforms according to existing institutional conditions.

Christensen and Lægreid (2018) examined public sector reform experiences and found that reforms frequently create tensions between competing organizational values. While modernization initiatives encourage efficiency, flexibility, and innovation, traditional administrative values emphasize stability, legality, and accountability. Their findings indicate that government organizations must manage these competing institutional demands to achieve sustainable change.

Van der Voet (2019) investigated organizational change in public organizations and found that change outcomes are strongly associated with employee attitudes, leadership behaviour, and organizational readiness. The study highlighted that resistance to reform is often linked to poor communication, limited participation, and uncertainty about the consequences of change. These findings reinforce the argument that innovation requires attention to human and cultural dimensions of organizations.

OECD (2019) analysed innovation practices across government institutions internationally and found that successful public sector innovation depends on experimentation, learning capacity, leadership support, and institutional flexibility. The report emphasized that governments must develop innovation ecosystems rather than rely solely on isolated reform programmes.

Ansell and Torfing (2021) explored public innovation through collaborative governance and found that innovation is more likely to occur when organizations create spaces for knowledge sharing, experimentation, and cross-sector cooperation. Their findings suggest that institutional arrangements can either enable or restrict innovation depending on whether they encourage openness and learning.

The reviewed empirical studies demonstrate several important conclusions. First, public sector innovation is influenced by both internal organizational factors and external institutional pressures. Second, bureaucratic traditions, resistance to change, and institutional rigidity remain significant barriers to innovation. Third, leadership support, employee participation, organizational learning, and adaptive capacity are critical for successful reform implementation.

Gaps in Literature

Although extensive research has examined public sector reform and innovation, important gaps remain in explaining how institutional environments influence the ability of government agencies to achieve meaningful organizational transformation. Existing studies largely emphasize technical, managerial, and structural dimensions, including digital transformation, performance management, and service-delivery improvement (De Vries et al., 2016; Mergel et al., 2019). These perspectives are valuable, but they often give insufficient attention to the political expectations, regulatory obligations, professional norms, historical traditions, organizational cultures, and legitimacy concerns that shape how public organizations interpret, adopt, modify, or resist innovation initiatives (Greenwood et al., 2017; Scott, 2019).

A further gap concerns the distinction between formal reform adoption and actual organizational transformation. Government agencies may introduce reforms to demonstrate compliance with political directives, international standards, or societal expectations, while implementation remains superficial or disconnected from established work practices. Although institutional decoupling helps to explain this pattern, additional theoretical attention is needed to clarify how organizations move from symbolic adoption to genuine innovation and sustainable change (Bromley & Powell, 2016). The literature also concentrates heavily on developed administrative systems, leaving limited analysis of how agencies in developing contexts such as Nigeria manage tensions between bureaucratic traditions and modernization pressures. This study addresses these gaps by integrating institutional theory with public sector innovation research and treating innovation as an institutional process shaped by legitimacy, leadership, employee agency, organizational learning, and internal capability.

Theoretical Framework

This study adopts institutional theory as its theoretical foundation for understanding how government agencies respond to pressures for innovation and reform. The theory provides insight into the relationship between institutional environments and organizational behaviour.

Institutional theory assumes that organizations seek legitimacy by aligning their structures and practices with expectations within their environment. For government agencies, legitimacy is particularly important because their survival depends on public trust, political support, and compliance with legal requirements. However, institutional theory also recognizes that organizations may experience tensions between conformity and innovation. On one hand, government agencies must comply with established rules and procedures to maintain accountability. On the other hand, they must innovate to improve performance and respond to changing societal demands. This tension creates what institutional scholars describe as competing institutional logics. Government agencies may simultaneously experience pressures for bureaucratic control, managerial efficiency, democratic accountability, and innovation (Thornton, et al., 2018). For example, a government agency may be instructed to introduce digital service delivery. The reform may provide opportunities for improved efficiency and citizen access, but employees may continue using traditional procedures because existing institutional norms favour paper-based documentation and hierarchical decision-making.

Institutional theory therefore helps explain why reforms sometimes produce decoupling, where formal structures and policies change while actual organizational practices remain largely unchanged. Meyer and Rowan's concept of decoupling remains relevant in understanding why some government agencies adopt reform programmes symbolically to demonstrate compliance while maintaining traditional operational practices. Nevertheless, institutional theory has evolved beyond the idea that organizations are simply controlled by external forces. Recent developments emphasize organizational agency and the ability of individuals and groups to actively create institutional change. Institutional entrepreneurs within government organizations can challenge existing practices, promote innovation, and reshape organizational cultures (Battilana & D'Aunno, 2019). In this regard, public sector innovation is not only a response to institutional pressures but also a process through which organizations can transform existing institutions.

RESEARCH METHODOLOGY

This paper adopts a mixed method survey design to examine how institutional pressures influence public sector innovation and organizational responses to reform initiatives in government agencies. Mixed methods research combines quantitative and qualitative approaches to achieve a more comprehensive understanding of complex social phenomena than either approach can provide independently (Creswell & Creswell, 2018; Tashakkori & Teddlie, 2010).

The study is grounded in Institutional Theory, which explains how organizations respond to coercive, normative, and mimetic pressures within their institutional environments (DiMaggio & Powell, 1983; Scott, 2014). According to DiMaggio and Powell (1983), organizations often adapt their structures and practices in response to external expectations in order to achieve legitimacy and secure continued support. Similarly, Scott (2014) argues that organizational behavior is shaped by regulatory, normative, and cultural-cognitive institutions that influence decision-making and organizational change.

While the quantitative component measured the extent to which institutional pressures influence innovation and reform outcomes, the qualitative component explored how public officials perceive, interpret, and respond to these pressures in practice. The use of both approaches is consistent with Creswell and Plano Clark's (2018) argument that mixed methods research is particularly suitable for examining complex organizational processes that involve both measurable relationships and subjective experiences.

A convergent mixed method design was adopted whereby quantitative and qualitative data were collected simultaneously, analyzed separately, and integrated during interpretation. Creswell and Creswell (2018) note that this design enables researchers to compare and validate findings from different data sources while developing a more comprehensive understanding of the phenomenon being studied.

Study Population

The study population consists of employees of selected government agencies involved in policy formulation, programme implementation, regulation, administration, and public service delivery. Public sector employees represent appropriate sources of information because they are directly involved in implementing organizational reforms and innovation initiatives (De Vries, Bekkers, & Tummers, 2016).

These categories of employees were considered suitable because they possess direct experience with organizational reforms and innovation activities. According to Fernandez and Rainey (2006), employees occupying strategic and operational positions are often best placed to provide insights into organizational change processes and reform implementation.

Sampling Technique and Sample Size

A multi-stage sampling procedure was employed. Purposive selection of government agencies was considered appropriate because qualitative research seeks information-rich cases that provide relevant insight into the phenomenon under investigation (Patton, 2015).

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Stratified random sample was used for the quantitative survey to ensure adequate representation across organizational units and employee categories. Saunders, Lewis and Thornhill (2019) argue that stratified sampling improves representativeness and reduces sampling bias in organizational research.

For the qualitative component, purposive sampling was used to identify key informants with extensive knowledge of organizational reforms, innovation programmes, and change management processes. Patton (2015) emphasizes that purposive sampling allows researchers to focus on participants who possess specialized knowledge relevant to the study objectives.

Validity and Reliability

Face and content validity were established through expert review by specialists in public administration, organizational studies, and research methodology. According to Sekaran and Bougie (2020), expert evaluation assists in determining whether research instruments adequately capture the concepts they are intended to measure.

Reliability was assessed through a pilot study conducted among employees of a government agency outside the main study area. Cronbach's Alpha was used to determine internal consistency, with values above 0.70 considered acceptable, as recommended by Nunnally and Bernstein (1994) and Hair et al. (2019).

Quantitative Findings

The survey findings indicate that institutional pressures significantly influence innovation activities within government agencies. This finding supports institutional theory, which proposes that organizations respond to external pressures in order to attain social legitimacy and organizational survival (Scott, 2014; DiMaggio & Powell, 1983).

Coercive Pressures

Respondents reported that government regulations, policy directives, oversight requirements, and accountability mechanisms strongly influence decisions regarding innovation and reform implementation. This finding supports DiMaggio and Powell's (1983) argument that coercive pressures arising from legal and political institutions frequently shape organizational behavior and encourage conformity to externally imposed expectations.

Many agencies adopted innovation initiatives primarily to comply with government mandates and political expectations. Similar observations were reported by Pollitt and Bouckaert (2017), who found that public sector reforms are often driven by political directives rather than purely technical considerations.

Normative Pressures

Professional standards, training programmes, and expectations from professional associations were found to influence reform adoption. Scott (2014) argues that normative pressures emerge through professionalization processes that establish accepted standards and practices within organizations.

The finding is also consistent with Greenwood et al. (2017), who maintain that professional norms shape organizational decision-making and contribute to institutional conformity across organizations operating within similar environments.

Mimetic Pressures

The findings showed that government agencies frequently imitate innovation practices adopted by other successful organizations. DiMaggio and Powell (1983) describe this phenomenon as mimetic isomorphism, where organizations facing uncertainty imitate structures and practices perceived as successful elsewhere.

Benchmarking and inter-agency learning were commonly reported strategies. Torfing (2019) similarly argues that public organizations often learn from successful peer institutions when pursuing innovation and reform initiatives.

QUALITATIVE FINDINGS

Institutional Pressures and Organizational Legitimacy

Institutional theory demonstrates that government agencies do not operate in isolation. Their decisions are influenced by political institutions, professional norms, legal frameworks, societal expectations, and historical administrative traditions (Scott, 2019). Consequently, innovation decisions are shaped not only by technical efficiency but also by the need to maintain legitimacy and conform to accepted institutional standards (Greenwood et al., 2017). Coercive, normative, and mimetic pressures may therefore encourage agencies to adopt similar policies, technologies, and management practices even when their internal capabilities and operational needs differ.

Symbolic Adoption and Institutional Decoupling

A major contribution of institutional theory to public sector innovation research is its explanation of why organizations sometimes adopt reforms without achieving substantial transformation. Government agencies may introduce new structures, technologies, or policies because these reforms are considered appropriate or legitimate even when they do not significantly alter established practices (Meyer & Rowan, 1977; Bromley & Powell, 2016). For example, an agency may establish an electronic governance platform to demonstrate commitment to digital transformation while employees continue to rely on manual procedures because organizational routines, competencies, incentives, and culture have not changed. In such circumstances, formal innovation exists, but practical implementation remains limited (Mergel et al., 2019).

Institutional Entrepreneurship and Leadership

Institutional theory does not imply that government agencies are incapable of innovation. Contemporary institutional scholarship emphasizes organizational agency: individuals and groups can influence institutional environments rather than merely respond to them (Battilana & D'Aunno, 2019). Public sector leaders, managers, and reform champions can act as institutional entrepreneurs by challenging outdated assumptions, mobilizing resources, interpreting reform demands, and establishing practices that support innovation. Effective leaders communicate the purpose of reforms, encourage participation, manage uncertainty, and create conditions that reduce resistance (Fernandez & Rainey, 2017; Van der Voet, 2019). Without sustained leadership commitment, reforms may remain administrative exercises rather than meaningful organizational improvements.

Employee Participation and Organizational Culture

Employee involvement and organizational culture also influence innovation outcomes. Reforms frequently fail when employees perceive them as externally imposed changes that threaten established roles, professional identities, or job security. Participation, communication, training, and trust are therefore essential for securing employee support and reducing resistance (Kuipers et al., 2018; Stouten et al., 2018). Traditional bureaucratic cultures emphasize compliance, risk avoidance, hierarchy, and adherence to procedure. Although these values support accountability, excessive rigidity can discourage experimentation and learning (Christensen & Lægreid, 2018). Innovative public organizations must therefore balance administrative control with collaboration, learning, responsible risk-taking, and mechanisms that translate employee knowledge into service improvements.

CONCLUSION AND RECOMMENDATIONS

Public sector innovation has become essential as governments face increasing demands for efficiency, transparency, accountability, and improved service delivery. However, innovation within government agencies cannot be understood simply as the introduction of new technologies or management techniques. It is deeply influenced by institutional environments that shape organizational behaviour, decision-making processes, and reform outcomes. This study demonstrates that institutional theory provides a valuable framework for understanding why government agencies respond differently to reform pressures. Institutional forces, including regulations, professional norms, political expectations, and social demands, influence whether organizations adopt, resist, modify, or transform innovations. The analysis shows that government agencies frequently experience tension between maintaining institutional stability and pursuing innovative change. While established bureaucratic structures provide consistency and accountability, they may also create barriers to flexibility and experimentation. As a result, some reforms become symbolic rather than transformational, producing formal compliance without significant changes in organizational practice. Nevertheless, institutional constraints do not make innovation impossible. Public organizations can achieve meaningful transformation when leaders actively support change, employees participate in reform processes, and organizational cultures encourage learning and adaptation. Innovation becomes more successful when agencies develop internal capabilities rather than simply copying external models. Therefore, public sector innovation should be viewed as an institutional transformation process rather than a technical intervention. Sustainable innovation requires changes in organizational values, leadership approaches, employee attitudes, and institutional arrangements.

Based on the analysis, government agencies should strengthen leadership capacity so that managers can act as credible change agents, communicate reform objectives clearly, mobilize resources, and create safe opportunities for responsible experimentation. Employees should be involved from the planning stage because their practical knowledge can improve reform design, strengthen ownership, and reduce resistance. Public institutions should also develop learning-oriented cultures that balance flexibility and innovation with legality, accountability, and ethical standards. Reform models should not be transferred mechanically from other jurisdictions; they should be adapted to local institutional conditions, organizational capacity, and citizens' needs. Finally, innovation programmes should be evaluated continuously to determine whether they produce measurable improvements rather than symbolic compliance. Such evaluation should examine service outcomes, citizen experience, employee adaptation, institutional learning, and the sustainability of new practices.

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