Innovative Capacity as a Strategic Enabler of Transformational Change in the Public Sector: A Knowledge Management Perspective

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Abstract: This study critically examined the role of innovative capacity in facilitating transformational change within the public sector. It argued that innovation is often overemphasised as a universal solution to governance challenges, yet its effectiveness is contingent upon deeper institutional, organisational and political conditions. Drawing on a qualitative scoping review of literature on public sector innovation, governance and institutional capability, the study synthesised key debates on the drivers, constraints and outcomes of innovation in contemporary public administration. The analysis was grounded in Public Value Theory, the Resource-Based View and New Public Governance, which collectively highlight the interplay between internal organisational capabilities and external governance environments. The findings indicate that innovative capacity is best understood as an embedded and dynamic institutional capability rather than a discrete reform instrument. Whilst leadership, digital transformation, organisational learning and collaborative governance are widely identified as enabling factors, their effectiveness is mediated by bureaucratic structures, regulatory frameworks, political continuity and institutional co-ordination capacity. In many contexts, particularly within developing country public sectors, these constraints limit innovation to incremental adjustments rather than systemic transformation. Digitalisation, whilst an important enabler, often results in “digitised bureaucracy” when not accompanied by organisational reform. The study proposes an Institutional Innovative Capacity Framework (IICF), conceptualising innovation as a multi-level governance system linking enabling capabilities, institutional mediators and public value outcomes. It concludes that sustainable innovation requires integrated institutional reform rather than isolated technological or managerial interventions. The study contributes a more critical and context-sensitive understanding of public sector innovation, emphasising that transformational change depends on the alignment between capability, governance structures and institutional conditions. It also highlights the importance of strengthening state capacity; improving co-ordination mechanisms; and fostering long-term organisational learning to ensure that innovation translates into sustained and meaningful public value outcomes.

Keywords: Public sector innovation, Innovative capacity, Institutional transformation, Governance, Public value

1. Introduction

The contemporary public sector faces increasingly complex socio-economic, political and institutional challenges that exceed the capacity of conventional administrative approaches. Rapid technological change, rising citizen expectations, fiscal constraints and persistent inequalities have intensified the pressure and impetus for more adaptive governance. In this context, innovative capacity has emerged as a strategic resource, understood not simply as technological adoption but as the institutional ability to generate, absorb and apply knowledge to create public value (OECD, 2017; Karo and Kattel, 2018). However, the assumption that innovation automatically produces transformation is increasingly contested, as evidence suggests that innovation often fails to translate into systemic change without deeper institutional reform. Moreover, innovation in the public sector is frequently implemented within rigid bureaucratic systems that limit flexibility and slow down adaptation. These structural constraints often reduce innovation to mere incremental improvements rather than transformative change. As a result, many initiatives struggle to move beyond experimentation phases into full institutionalisation. In addition, the effectiveness of innovation is closely linked to state capacity, which varies significantly across and within countries. Where institutional capacity is weak, even well-designed innovations tend to produce limited impact. This reinforces the importance of strengthening governance systems alongside promoting innovation.

Transformational change in the public sector requires deep shifts in organisational structures, cultures, leadership and service delivery systems. According to the World Bank (2020), in developing contexts such as South Africa, these challenges are intensified by inequality, unemployment, poverty and bureaucratic inefficiencies, thus raising concerns about state capability. Whilst innovation is often framed as a solution, this framing risks overstating its explanatory power and underestimating structural constraints embedded in public institutions. The 2008 global financial crisis exposed governance weaknesses and reinforced calls for adaptive and resilient public institutions (Mazzucato, 2018). However, Borins (2014) states that innovation is frequently constrained by risk-averse cultures, rigid bureaucracy and weak institutional learning, indicating that innovation capacity is shaped by institutional context rather than operating independently of it.

Although international organisations such as the OECD, United Nations and World Bank promote innovation and digital transformation, a persistent gap exists between policy rhetoric and implementation. Many reforms fail because they assume institutional readiness that does not exist in practice (Andrews, Pritchett and Woolcock, 2017). The OECD (2017) further argues that without enabling governance structures, innovation becomes fragmented and symbolic rather than transformative, which suggests that innovation is often treated as a technical solution to fundamentally political and institutional problems. Importantly, innovation alone cannot resolve systemic governance failures and may obscure deeper issues such as weak accountability and institutional fragility. Mazzucato (2018) postulates that innovation must be embedded within broader state capacity and mission-oriented governance frameworks. This study therefore positions innovative capacity not as an inherent driver of transformation, but as a contingent institutional capability shaped by leadership, governance systems, organisational culture and knowledge processes (Karo and Kattel, 2018).

2. Problem Statement

Despite its policy prominence, many public sector institutions struggle to develop and sustain innovative capacity. In developing contexts, particularly local government, performance is constrained by bureaucratic inertia, rigid procedures, fragmented decision-making, limited technological readiness, and resistance to change (OECD, 2021; World Bank, 2020). These constraints indicate that the problem is not a lack of innovation discourse, but the absence of enabling institutional conditions. Innovation cannot be imposed through policy instruments, as this assumes institutional flexibility that often does not exist. Instead, it must emerge from organisational environments that support experimentation and learning. However, many public institutions remain anchored in compliance-driven systems that discourage risk-taking and reinforce procedural conformity (Andrews, Pritchett and Woolcock, 2017). This creates a contradiction where governments demand innovation whilst maintaining systems that inhibit it. Much of the literature is normative, assuming that innovation is inherently positive without paying sufficient attention to enabling conditions. Kattel and Mazzucato (2018) argue that without institutional capacity, innovation becomes symbolic rather than transformative. The central problem is therefore weak institutional capacity to sustain innovation, limiting service delivery, resilience and public sector transformation.

3. Aim of the Study and Critical Research Question

This study critically examines the role and limitations of innovative capacity in enabling transformational change in the public sector. It challenges the assumption that innovation is inherently transformative by arguing that its impact depends on institutional, organisational and political environments. Innovative capacity is conceptualised as a context-dependent institutional capability rather than a universal solution (Karo and Kattel, 2018; OECD, 2021). The study explores the extent to which innovative capacity can drive transformational change in the public sector, as well as the conditions under which it produces meaningful improvements in governance, service delivery and resilience, rather than remaining a rhetorical policy construct (Andrews, Pritchett and Woolcock, 2017; OECD, 2021).

4. Literature Review

4.1 Conceptualising Innovation in the Public Sector

Public sector innovation has gained prominence in response to governance crises such as the 2008 global financial crisis, which exposed structural weaknesses in state capacity (OECD, 2021; Bason, 2018). However, innovation is often framed as a solution to governance failure without sufficient attention being paid to the commensurate institutional absorptive capacity. Unlike the private sector where innovation is driven by competition and profit, public sector innovation is linked to public value, accountability and equity (De Vries, Bekkers and Tummers, 2016; Bason, 2018). However, this normative framing can obscure political and institutional constraints because not all innovation leads to transformation, and many outcomes remain incremental rather than systemic. Innovative capacity is shaped by leadership, skills, culture and collaboration (OECD, 2021; De Vries et al., 2016), but these are often treated as controllable variables rather than embedded institutional realities. Nguyen and Hekman (2022) state that digital technologies are frequently assumed to drive innovation, yet without organisational reform, they may reproduce inefficiencies (Ali et al., 2021; Maes et al., 2013).

4.2 Innovative Capacity as an Organisational Capability

Although innovative capacity is widely framed as an organisational capability, its development is constrained by institutional rigidity. Leadership and culture are important (Bason, 2018), but operate within structural constraints. Innovation units may create experimentation spaces, but often fail to transform entire systems. Collaboration expands innovation potential but introduces co-ordination and accountability tensions, according to Hartley, Sørensen and Torfing (2019), thus reinforcing the argument that innovation is structurally conditioned rather than purely managerial.

4.3 Drivers of Innovation in the Public Sector

Leadership enables innovation but is constrained by institutional rules and risk-averse accountability systems (Torfing, 2019). Moreover, organisational culture evolves slowly (OECD, 2021). Although digital transformation improves efficiency (Criado, Dias and Sano, 2021), without institutional redesign, its impact remains limited. Furthermore, collaboration enhances legitimacy but is difficult to sustain (Voorberg et al., 2021).

4.4 Barriers to Innovative Capacity

Bureaucratic systems based on hierarchy and compliance constrain innovation by discouraging experimentation (De Vries et al., 2016). These constraints are reinforced by resource limitations, fragmentation, and political instability (Mergel, Ganapati and Whitford, 2021). Barriers to innovative capacity are interdependent and mutually reinforcing.

5. Gap in the Literature

Despite extensive research, limited attention has been paid to how innovative capacity becomes institutionalised over time. Much literature assumes effectiveness rather than demonstrating it. There is also limited integration between innovation studies and state capacity literature, particularly in developing contexts. This study endeavours to reduce this gap in the extant body of knowledge by positioning innovative capacity as a driver of transformation in the public sector.

6. Theoretical Framework

This study draws on Public Value Theory, the Resource-Based View and New Public Governance, alongside work on digital leadership. These perspectives offer different ways of understanding innovation, although each has its limitations. Digital Transformational Leadership focuses on the role of leaders in driving technological and organisational change (AlNuaimi et al., 2022; Ly, 2023). It highlights how leadership can support digital transformation, but it can place too much emphasis on individual agency without fully accounting for institutional constraints. Related work on IT governance and digital transformation (Bornay-Barrachina et al., 2025; Nguyen and Le, 2025; Warner and Wäger, 2019) illustrates how technology can be aligned with organisational goals, although this again depends on existing capacity.

The Public Value Theory (Moore, 1995) provides a useful way of thinking about the purpose of innovation in the public sector, focusing on societal outcomes rather than efficiency alone. However, defining and measuring public value is not always straightforward, particularly in politically contested environments. The Resource-Based View (Barney, 1991) shifts attention to internal capabilities, suggesting that organisational performance depends on the resources available. Whilst this helps explain differences between institutions, it may not fully capture the influence of external constraints. Popęda and Hadasik 2024, New Public Governance approach emphasises networks and collaboration, recognising that public problems often require collective responses. Whilst this perspective highlights the importance of partnerships, it can underestimate the difficulties of co-ordination and accountability. Collaboratively, these frameworks provide a basis for analysing innovative capacity from different angles. They suggest that innovation depends both on internal organisational capabilities and on broader institutional and governance conditions. (Popęda and Hadasik, 2024)

6.1 Theoretical Contribution of the Study

This paper contributes to the growing body of scholarship on public sector innovation by advancing the Innovative Institutional Capacity Framework (IICF) as an integrative conceptual model for understanding how innovative capacity enables transformational change in public sector organisations. Whilst existing studies have examined innovation, governance, leadership and knowledge management as separate or loosely connected constructs, the present study argues that transformational change emerges from the dynamic interaction between institutional capacity, governance arrangements, organisational learning, and knowledge management processes.

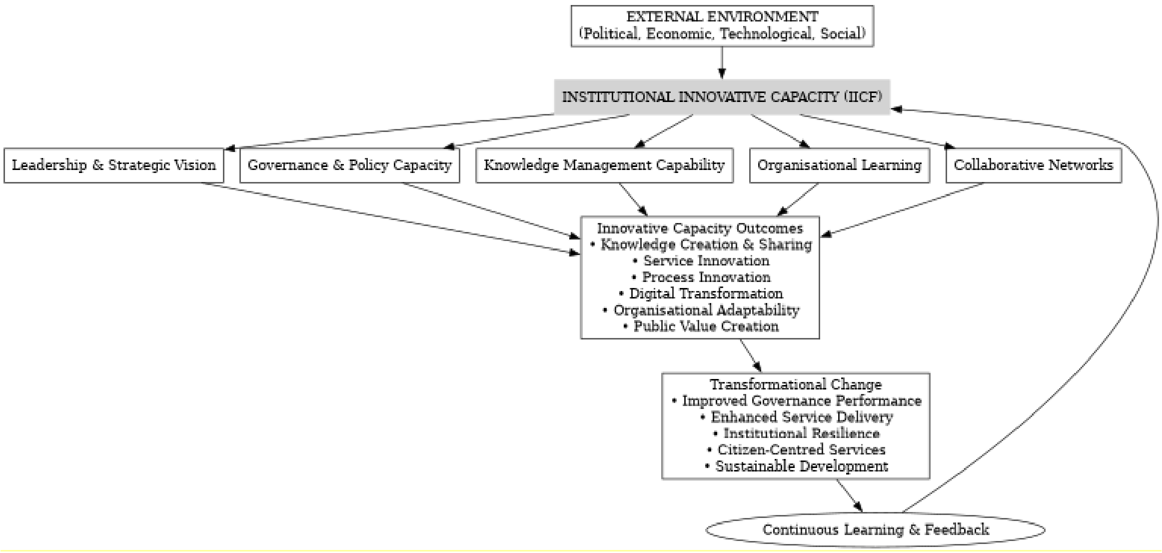

Figure 1: Institutional Innovative Capacity Framework (IICF)

7. Methodology

7.1 Research Approach

This study adopts a qualitative desktop research design, employing a scoping literature review to examine the role of Innovative Capacity as a strategic enabler of transformational change within the public sector from a Knowledge Management perspective. A qualitative approach is appropriate because the study seeks to explore concepts, institutional processes, governance dynamics and organisational practices rather than measure causal relationships quantitatively (Creswell & Creswell, 2018). The approach enables an in-depth examination of how Innovative Capacity is conceptualised, developed and operationalised across various public sector contexts.

A scoping review methodology was selected because it allows for the systematic mapping of existing knowledge; identification of key themes, conceptual frameworks and research gaps; and emerging trends within a broad and multidisciplinary field (Arksey & O'Malley, 2005; Levac et al., 2010). This approach is particularly suitable given the evolving nature of public sector innovation and its intersection with knowledge management, governance, leadership and organisational transformation.

7.2 Literature Search Strategy

The study employed a systematic literature search strategy to identify relevant scholarly and policy-based sources addressing Innovative Capacity, public sector innovation, governance, organisational learning, and knowledge management. A comprehensive search was undertaken across several leading academic databases to ensure a broad coverage of multidisciplinary literature relevant to the research objectives. The databases consulted included Scopus, Web of Science, Google Scholar, ScienceDirect, Emerald Insight, Taylor & Francis Online, and SpringerLink.

The search process utilised a combination of keywords and Boolean operators to maximise the retrieval of relevant studies whilst minimising irrelevant results. Key search terms included “Innovative Capacity”, “public sector innovation”, “transformational change”, “knowledge management”, “innovation capability”, “public sector governance”, “organisational learning”, “digital transformation in government” and “public value innovation”. These terms were used individually and in various combinations using Boolean operators such as AND and OR to refine the search and enhance relevance. For example, combinations such as “public sector innovation AND knowledge management” “Innovative Capacity AND transformational change” and “organisational learning OR innovation capability” were employed to capture literature situated across related fields of inquiry.

To enhance the comprehensiveness of the review, backward reference searching was also conducted. The reference lists of key articles, books and policy reports identified through database searches were examined to locate additional relevant sources that may not have been captured through keyword searches alone. This iterative process contributed to a more comprehensive understanding of the existing body of knowledge and helped identify seminal works relevant to the study.

7.3 Inclusion and Exclusion Criteria

To ensure the relevance, quality and consistency of the reviewed literature, explicit inclusion and exclusion criteria were applied during the screening and selection process. The inclusion criteria focused on sources that contributed directly to understanding Innovative Capacity and transformational change within public sector contexts. Specifically, the review included peer-reviewed journal articles, scholarly books and book chapters, government reports, policy documents and institutional publications addressing public sector innovation, governance, organisational learning, knowledge management and related themes. Only publications written in English and published between 2005 and 2025 were considered for inclusion to ensure both contemporary relevance and adequate coverage of developments in the field over the past two decades.

Sources were excluded where they focused exclusively on private sector innovation without meaningful applicability to public sector settings. Non-academic opinion pieces, blog articles and sources lacking sufficient theoretical or methodological rigour were also excluded. Duplicate records identified during the search process were removed, and publications for which full-text access was unavailable were not considered further. The application of these criteria ensured that the final sample reflected a robust and credible body of literature relevant to the study's objectives. Following the screening and selection process, approximately 85 sources were retained for detailed review and analysis.

7.4 Data Analysis

The analysis of the selected literature was guided by the principles of thematic analysis outlined by Braun and Clarke (2006). Thematic analysis was considered appropriate because it enables the systematic identification, analysis and interpretation of recurring patterns and themes within qualitative data. In the context of this study, the approach facilitated the synthesis of diverse strands of literature and supported the development of an integrated understanding of Innovative Capacity within public sector organisations.

These themes formed the basis for synthesising the findings and developing the study's conceptual arguments.

7.5 Ensuring Analytical Rigour and Trustworthiness

Several strategies were employed to enhance the credibility, dependability and trustworthiness of the review findings, namely:

Credibility

Credibility was strengthened through the use of multiple academic databases and diverse sources, enabling the triangulation of perspectives across disciplines and contexts.

Dependability

A transparent and replicable search and screening process was maintained by documenting search terms, databases, inclusion criteria, and analytical procedures.

Confirmability

The analysis was grounded in evidence from the reviewed literature, ensuring that interpretations emerged from the data rather than researcher assumptions.

Transferability

The inclusion of studies from different geographical and institutional contexts enhances the applicability of the findings to diverse public sector settings, particularly within developing countries.

7.6 Ethical Considerations

As the study is based exclusively on secondary data obtained from publicly available scholarly and policy sources, no human participants were involved, and formal ethical clearance was not required. Nevertheless, academic integrity was maintained through accurate citations, the acknowledgement of sources, and adherence to ethical standards in scholarly research.

7.7 Methodology Limitations

Whilst the scoping review approach provides a comprehensive understanding of existing knowledge, it is limited by its reliance on secondary data and the availability of published literature. Therefore, the findings may not fully capture emerging practices that have not yet been documented in academic publications. Future research could complement these findings through empirical investigations, including case studies, interviews and surveys within public sector institutions.

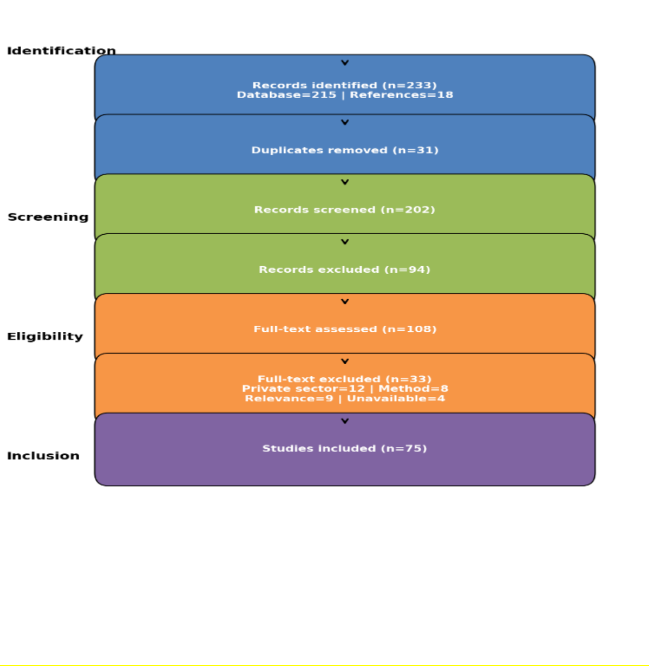

Figure 2: PRISMA-Style Literature Selection Process

8. Institutional Contexts and Innovation Outcomes: Comparative Perspectives

The relationship between Innovative Capacity and transformational change is not uniform across public sector organisations. Institutional structures, governance arrangements, leadership practices, regulatory environments and organisational cultures significantly influence the extent to which innovation can emerge and be sustained. Comparative evidence from different countries demonstrates how institutional conditions shape innovation outcomes in practice.

For example, Denmark has become internationally recognised for fostering public sector innovation through collaborative governance, citizen-centred service design, and strong institutional support for experimentation. The establishment of MindLab enabled government departments to co-create solutions with citizens and stakeholders, thereby contributing to more responsive and adaptive public services. The Danish experience illustrates how supportive institutional frameworks and a culture of learning can facilitate innovation and organisational transformation. (OECD, 2021)

In contrast, innovation efforts in many developing countries are often constrained by bureaucratic rigidities, limited financial resources, fragmented governance systems, and insufficient knowledge-sharing mechanisms. In South Africa, for instance, digital transformation initiatives within government have produced mixed results. Whilst programmes such as e-government services have improved accessibility in some areas, challenges relating to institutional capacity, skills shortages, intergovernmental co-ordination and legacy administrative systems have slowed implementation. This suggests that technological innovation alone is insufficient without complementary institutional reforms and organisational learning capabilities. (Manda and Backhouse, 2017; OECD, 2021).

Similarly, the experience of Singapore demonstrates how strong state capacity, strategic leadership and long-term investment in human capital can accelerate innovation. The country's public sector has successfully leveraged digital technologies, data-driven governance and integrated knowledge management systems to enhance service delivery and policy responsiveness. These outcomes highlight the importance of coherent governance structures and strategic leadership in fostering Innovative Capacity. (Neo and Chen, 2007; OECD, 2021).

Comparatively, studies of local government innovation in several African municipalities reveal that institutional instability, frequent leadership changes, and resource constraints often undermine innovation initiatives. Even where innovative ideas emerge, weak knowledge management systems and limited organisational learning can impede their institutionalisation and long-term sustainability. Consequently, innovation outcomes are frequently dependent not only on the availability of resources but also on the quality of governance and the strength of institutional arrangements.

These examples illustrate that Innovative Capacity is fundamentally shaped by institutional context. Public organisations operating within enabling environments characterised by supportive leadership, collaborative governance, organisational learning, and effective knowledge management are more likely to achieve transformational change than those constrained by rigid bureaucratic structures and limited institutional capability. Therefore, Innovative Capacity should be understood not merely as a technical or managerial capability, but as an institutional phenomenon embedded within broader governance systems.

8.1 Analytical Insight

The comparative evidence suggests that knowledge management serves as a critical mediating mechanism between institutional capacity and innovation outcome.

Table 1: Comparative Institutional Influences on Public Sector Innovation

Country/Context	Institutional Characteristics	Innovation Outcome
Denmark	Collaborative governance, experimentation, citizen co-creation	High levels of public service innovation and adaptive governance
Singapore	Strong state capacity, strategic leadership, integrated knowledge systems	Successful digital transformation and service delivery innovation
South Africa	Uneven institutional capacity, resource constraints, governance fragmentation	Mixed innovation outcomes and implementation challenges
African Local Governments	Leadership instability, limited resources, weak knowledge management	Difficulty sustaining and scaling innovation initiatives

9. Findings and Discussion

The findings are derived from a thematic synthesis of the literature and interpreted in relation to the study objectives. Across the reviewed studies, public sector innovation is not a linear or neutral improvement process, but a politically embedded and institutionally mediated governance capability shaped by competing rationalities, bureaucratic constraints, and socio-technical change. Innovation is therefore contingent, context-dependent, and not easily transferable across settings.

9.1 Innovative Capacity as an Embedded Governance Capability

Innovative Capacity is increasingly understood as an embedded institutional capability rather than a discrete reform tool. The literature shows that innovation becomes durable when integrated into organisational routines, cultures, and learning systems, rather than implemented through isolated projects (Bason, 2018; OECD, 2021). This reframes innovation as an institutional condition rather than an event. Whilst the Resource-Based View highlights internal capabilities as drivers of performance (Barney, 1991), its explanatory power is limited in the public sector due to regulatory, political, and fiscal constraints. Innovative Capacity is therefore a hybrid of organisational capability and governance constraint.

9.2 Leadership as a Conditional Driver

Leadership is a key enabler of innovation but operates indirectly and within institutional limits. Although strategic leadership can support experimentation and resource mobilisation, innovation outcomes are rarely attributable to leadership alone (Torfing, 2019; Hartley et al., 2019). Moreover, its impact is often fragile in contexts of political turnover and administrative discontinuity. According to the OECD (2021), many innovation failures occur not during implementation, but during transitions that disrupt continuity. Leadership is therefore better understood as an enabling condition that requires institutional anchoring, rather than a standalone driver.

9.3 Bureaucratic Structures as Institutional Constraints

Bureaucratic rigidity remains a persistent barrier to innovation (De Vries et al., 2016). However, this rigidity is structural rather than purely cultural because it is embedded in rules, procurement systems, accountability regimes and risk controls that prioritise compliance over experimentation. This produces a procedural bias where adherence to process substitutes for performance. Innovation is thus often rhetorically supported but operationally constrained, leading to incremental rather than transformative change (UN DESA, 2022).

9.4 Digital Transformation: Enabler, Not Determinant

Digital transformation supports innovation through improved efficiency, data use and service delivery (Criado et al., 2021; Mergel et al., 2021). However, digitalisation alone does not generate innovation. In many cases, technology is layered onto unchanged bureaucratic systems, producing "digitised bureaucracy" rather than transformation (OECD, 2021). Meaningful innovation requires organisational redesign, not only technological adoption.

9.5 Collaboration and Co-creation as Governance Practice

Voorberg et al. (2021) maintain that innovation is increasingly relational, emerging through collaboration with citizens, civil society, academia and the private sector. However, collaboration is not automatically effective. Its success depends on trust, coordination capacity and institutional openness. Without these, collaboration becomes symbolic or fragmented. Effective innovation therefore requires structured "mission-oriented co-ordination" (Mazzucato and Kattel, 2020).

9.6 Institutional Innovative Capacity Framework (IICF)

This study proposes the Institutional Innovative Capacity Framework (IICF) to explain how innovation is enabled, constrained and translated into governance outcomes. The framework conceptualises innovation as a multi-level, non-linear governance capability shaped by organisational and institutional dynamics.

9.7 Core Concept: Innovative Capacity

Innovative Capacity is defined as the ability of public institutions to generate, adopt and sustain innovations that enhance public value. It is dynamic and unevenly distributed, continuously shaped by internal capabilities and external pressures such as political oversight and fiscal constraints (Bason, 2018; OECD, 2021). Moreover, it reflects a balance between organisational capability and institutional constraint, hence determining whether innovation becomes embedded or remains episodic.

Enabling Factors (Internal Drivers)

Internal drivers form the organisational foundation of innovation:

- Leadership capacity enables direction and legitimacy but requires institutionalisation to ensure continuity.
- Digital capability supports innovation only when accompanied by organisational redesign.
- Organisational learning systems enable knowledge sharing and scaling of innovations (OECD, 2021).
- Collaborative capacity supports co-production with external stakeholders (Voorberg et al., 2021).

These factors form the internal architecture of innovation, but their effectiveness depends on institutional conditions.

Mediating Institutional Conditions

Institutional conditions shape whether innovation is enabled or constrained:

- Bureaucratic structures prioritise compliance, limiting experimentation (De Vries et al., 2016).
- Political and administrative continuity is essential for sustaining innovation over time (OECD, 2021).
- Governance and regulatory frameworks influence flexibility through procurement and accountability rules.
- Co-ordination capacity determines whether innovation is fragmented or system-wide (Mazzucato and Kattel, 2020).

These conditions act as institutional filters between capability and outcomes.

Outcomes (Public Value Effects)

When aligned, Innovative Capacity produces three main outcomes, namely:

- Improved service delivery that is efficient, responsive and citizen-centred;
- Institutional resilience, enabling adaptation and continuity during shocks (World Bank, 2020); and
- Enhanced public value, including trust, legitimacy and accountability.

These outcomes are interdependent and depend on system-wide alignment rather than isolated innovation efforts.

10. Conclusion

This study critically examined public sector innovation as an embedded and institutionally mediated governance capability, challenging dominant assumptions that treat innovation as a self-contained or inherently transformative solution to complex governance and developmental challenges. The findings demonstrate that Innovative Capacity is not a discrete technical function nor a linear input into improved performance, but rather a dynamic and context-dependent outcome shaped through the interaction of organisational capabilities, bureaucratic structures, leadership conditions, digital transformation processes and collaborative governance arrangements. Innovation in this sense is not simply implemented within public institutions but emerges unevenly through the interaction of competing institutional logics, including accountability requirements, political priorities, administrative routines, and pressures for experimentation.

A key argument of the study is that whilst public sector organisations may possess or develop internal enablers of innovation such as leadership commitment, digital infrastructure and collaborative platforms, these factors do not automatically translate into sustained transformation. The proposed Institutional Innovative Capacity Framework (IICF) responds to this gap by conceptualising innovation as an emergent outcome of the interaction between enabling organisational factors, mediating institutional conditions and governance outcomes.

In conclusion, the study argues that strengthening public sector innovation requires moving beyond narrow assumptions that prioritise technological adoption, managerial leadership or isolated reform interventions. Instead, it requires deeper and more integrated institutional reform that aligns organisational capability, co-ordination mechanisms and governance structures in a coherent way. Furthermore, the analysis highlights that innovation should be understood as a continuous process of institutional learning rather than a one-off policy outcome.

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