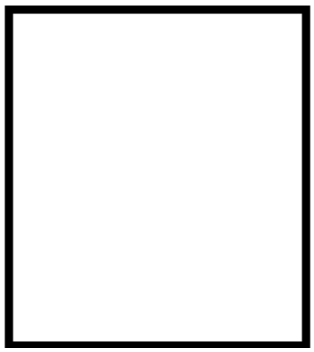

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Localising Change: Public Entrepreneurialism and Design

"Nothing is as powerful as an idea whose time has come" **Victor Hugo**

The following seeks to prosecute the critical value of public entrepreneurialism in age where the relationship between human and planetary systems requires urgent transformation. Specifically, this paper will locate itself in the recurring and perhaps desperate idea that capitalism can be reset in a way that enables the localisation of sustainable development through (among other things) the structure and function of local economies. Therefore, by extension, it also shines a spotlight on the way in which this can be achieved, specifically, the application of strategic and systems design in support of public entrepreneurialism and the development of both the 'what' and the 'how' to enable critical systems' change.

To Hell in a Handbasket?

It is entirely reasonable to assert that at no stage in human history have our social systems – political, economic, and cultural – been in such a tense and precarious standoff with our planetary systems. The culprit, a political economic condition that has for the best part of 200 years been grounded in extractive behaviours where gains have been privatised and concentrated in the hands of the few while the losses have been largely socialised and distributed across the many. Of particular note is a dependence on fossil fuels which is still being subsidised to the tune of $USD11 million a minute (Millman, 2021). The UNFCCC refers to the consequences of this behaviour as the triple planetary threat of climate change, air pollution and biodiversity loss which according to recent figures – derived from the Living Planet Index – has resulted in up to 69% of wildlife populations declining

between 1970-2018 (Greenfield, 2022) and the emergence of 36 global hotspots (Greenfield, 2022). These areas include the Sundaland (Southeast Asia), the Caucasus, Wallacea (Indo-Pacific) and the forests of eastern Australia, as being rich in life but under human threat and requiring urgent protection. The Centre for Biological Diversity (2022) estimates that climate change could result in up to two hundred million people being displaced by 2050 with a 2-celsius degree increase resulting in a third of the world's food production being put at risk (Millman, 2021).

According to the UNFCCC, a 2021 report from one of the world's largest providers of insurance Swiss Re, revealed that climate change could cut the value of the world economy by $23 trillion by 2050. Developed nations such as the US, Canada and France may lose between six and ten per cent of their potential economic output. For developing nations, the effects of climate change are even more dire, with Malaysia and Thailand, seeing their economic growth 20 per cent below what would otherwise be expected by 2050. While the evidence of anthropogenic change is often glaringly material and measurable, it is perhaps the impact that these changes are having on our children, is of greatest concern. In 2021, researchers surveyed (Hickman,2021) 10 000 children and young people (aged 16–25 years) in ten countries (Australia, Brazil, Finland, France, India, Nigeria, Philippines, Portugal, the UK, and the USA) about their thoughts and feelings on climate change, and government responses to it. The primary conclusion of this study was that climate anxiety and distress correlated with perceived inadequate government response and associated feelings of betrayal. More than 75% thinking that their future is frightening and 83% saying that they think people have failed to take care of the planet.

But how do we begin to reset our relationship with the planet?

It is increasingly clear that today's planetary challenges cannot be solved by centralised command-and-control systems, nor by top-down policy settings and financial instruments. The answer to our existential dilemma lies in the dismantling of indifferent hegemonic socio-political systems, which at various times have been globalised and, as the Pandemic demonstrated, made vulnerable due to their highly diffuse nature. The recent Covid 19 Pandemic exposed our reliance on globalised production strategies and supply chains rendering many economies helpless. As is often the case those who already experience the greatest economic and political displacement and inequality were affected the worst. The compounding effect of climate change and the Pandemic forced many governments and private interests to re-think the nature of distributed supply chains and the impact that they have in 'place'. Manufacturers worldwide for example are under greater political and competitive pressures to increase their domestic production, grow employment in their home countries, and rethink their use of lean manufacturing strategies that involve minimizing the amount of inventory held in their global supply chains (Shih. Willy, 2020).

The drive to re-constitute 'local' economic capacity and in turn disrupt centralised systems of production and distribution is being felt across essential services such as food and energy. This is symptomatic of an increasing trend and focus on the social innovation required to localise new socio-political systems, which in turn create vertically integrated place-based political-economic structures. These emerging structures seek to negate the learned helplessness of market-based neoliberal socio-economic systems by ensuring that 'places' are not

only capable of connecting to global flows but determine the extent to which they are impacted by them. In some respect, this borrows from aspects of the past in which local political and economic systems reflected the nuances of place-based conditions and drivers of change, 'by the community, for the community'. The social innovation required to develop a 21st century version of this devolved state requires that we recalibrate our public-interest systems replacing authority with agency, ideas of growth with progress, ownership with stewardship, scarcity with abundance, and policies that ghettoise with ones that localise. Achieving this, crucially, also relies heavily on a new type of public entrepreneurialism emerging, one which leads what Indy Johar refers to as a deep code innovation (2022) rooted in creating 'the commons', and a type of community wealth that prioritises human and planetary health.

Place-based Systems Transformation-Deep Code (Social) Innovation

"This is not a voluntary transition moment. This is about whether you're viable in the next economy. This is not a moral crusade, it is an operational model in a new society where interdependence is more valuable and more critical" Indy Johar, 2022

According to the OECD (2022), social innovation refers to the design and implementation of new solutions that imply conceptual, process, product, or organisational change, which ultimately aim to improve the welfare and wellbeing of individuals and communities. Of particular interest in the localisation of change, or if you like, place-based transformation, is the deep code innovation of two immutable cornerstones of our society, finance, and governance. In an era of financial globalization, the emergence of massive pools of capital controlled by a limited number of markets means many billions of

people will be left behind unless finance is re-imagined. In The Flow, Gordon Noble argues that there are a range of critical opportunities to build sustainable financial markets which can deliver for all 7.8 billion people (2022). Noble suggests that financial systems need to focus on the creation of local markets that deliver development outcomes at real scale. The companion piece to this is ensuring that opportunities for transformation are also framed as investment opportunities. This often takes the shape of investment in assets and / or enterprise. Noble notes that the foundations of finance at its heart are actually very simple. Two products: Debt, and equity. Financial markets are the mechanism through which debt and equity are transacted.

While some regions in the world such as North America have a history of making debt available for investment in community through municipal bonds, for most the volume of capital required to transform place-based systems has largely been hindered by: A lack of scale (attractive enough for 'big capital' to mobilise), and the lack of public entrepreneurialism required to attract and catalyse capital. For example, models such as community wealth building – which up until recently were confined to one-off local economic development projects – are starting to gain traction as the basis to local systems transformation. Not surprisingly, new momentum around this broad-based way of thinking is largely down to the seismic shifts occurring within the global financial system itself. As noted previously, climate change related impacts, if unmitigated, are likely to result in catastrophic financial market failures. The fickle nature of risk and those mechanisms charged with evaluating risk are threatening to remove the safety nets which currently allow capital to be activated in the name of growth and wealth accumulation.

On the other hand, place-based capital, which sits at the heart of 'community wealth building' models, are aligned to emerging

sustainable finance requirements of the financial system. Out of necessity rather than some profound shift in core values, the financial system has re-written the risk criteria which determines the allocation of capital so that it is more accountable to and for human and planetary impacts. However, this shift is only part of the deep code innovation required. The companion piece to this, is the innovation required of local institutions and organisational forms, which is essential to secure, harness, and catalyse place-based capital. In large part this requires us to look at traditional local government structures and processes including the traditional role of local government in the process of deep code innovation. For example in Australia, there is a tacit recognition that our system of government is failing to deliver the style and quality of government needed in the modern world (LGPA, 2016). There is a tendency to reflect solely on the reform required of Commonwealth and State relations to fix the problem. Elsewhere in the world, far more attention is being focused on the problem-solving capability that approaches to local and regional governance, brings not least due to the space for social and economic problem-solving reflecting international trends towards decentralisation and subsidiarity (LGPA, 2016). The reason for this is that there is now widespread acceptance that building 'social cohesion' and enhancing economic productivity globally means tackling key challenges through community and place. However, innovation requires mature leadership and observable, manageable, and replicable processes with which to enable it.

This is where public entrepreneurialism comes in. Generally speaking, public entrepreneurialism is defined as the introduction and development of new ideas required to innovate the public sector. However, this paper seeks to go deeper and define public entrepreneurialism as the mode by which the public interest is

advanced through the building of public agency and the public value ecosystem through (things like but not limited) to: The creation of new 4th sector organisational forms, democratisation of community wealth (in the broadest sense) building, stewardship of public asset-based, selected mutualisation of essential systems (shelter, energy, food, water), and prioritisation of working with Country.

Enabling Public Entrepreneurialism, Design, and the Politics of Change.

"There is always a design phase; the issue is whether it is done consciously or not. An unconscious design phase is likely to be full of assumptions, missed opportunities and limited engagement. It will tend to reinforce business-as-usual rather than transformation, and negative outcomes rather than positive co-benefits. We must instead define and engage an active and participative design process for missions" Professor Dan Hill, University of Melbourne.

In recent decades, design has moved from a practice aimed at designing things, to one that plays a part in addressing today's complex societal challenges (Mieke Van Der, et. al., 2020). Bijl-Brouwer and Malcolm note that the social innovation context has an expanded focus compared to traditional product design: From users and customers to society more broadly; from designing products and services to designing complex service systems, organizations, policies, and strategies; and from the private sector to include the private, public, and social sectors together (2020). Compounding this complexity, design processes which drive social innovation also need to be participative. For social innovation to succeed generally, and place-based deep code innovation to succeed specifically, it is crucial that all stakeholders have the capacity to engage with the processes

through which we initiate change, in particular complex systems change.

There are two primary reasons for this: Firstly, and perhaps most significantly, change is political. For place-based change to be sustainable and meaningful, it cannot simply happen to a community or stakeholder group; it must be of the community, of stakeholders, of place. This is not some notion struggling for legitimacy in the soft vagaries of engagement and consultation events. Instead, fit-for-purpose design approaches such as strategic and systemic design are characterized by collaboration grounded in what Michael Schrage refers to as recombinant innovation (Morrison 2022), they are not simply about cooperation nor vague ideas about teamwork, they are innovation processes through which you develop high performance relationships, ownership of direction, shared investment risk and delivery costs, integrated leadership, and state-craft competencies. Secondly, the tacit transfer of design knowledge and capability over time will eventually become culturally embedded. The very nature of (strategic and systemic) design knowledge lends itself to the development of servant leadership, diplomacy, and agency rather than authorship, authority, and dependency. These are vital qualities of contemporary public entrepreneurialism and necessary if communities are to dismantle systems which have privatized gains, socialized losses, and created a learned helplessness.

Conclusion

The urgent need to innovate how we live has become a priority across the dominant political and economic systems of our age. Investment in single-solutions that directly address wicked problems grow exponentially year-after-year. However, as we gain better insights into the systemic nature of these wicked problems, it is increasingly

apparent that single solutions, which are project / product / service-based, transactional, and siloed simply uphold existing public, private and civil sector distinctions. These solutions fail to drive the systems innovation and transformation we need. Public entrepreneurialism sits at the heart of social innovation and in turn place-based systems transformation. Without it we run the risk of taking 21st century challenges, evaluating them with 20th century ideas and responding with 19th century tools (Albright, 2022).

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