**Institutions and wicked problems**

*Institutionalization and Bureaucrats as Institutionalists*

*Global Encyclopaedia of Public Administration, Public Policy and Governance.*

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**Definition:**

**New institutionalism:** Broad thrust of new institutionalism is the positioning of collective behaviour as patterned by informal institutional norms and values.

**Wicked problems:** Wicked problems are unstructured and fluid, have multiple and interconnected parts (i.e. are cross cutting) and can appear relentless – requiring novel approaches to problem solving and cross-governmental integration

**Isomorphic pressures:** ‘informal’ institutionalised norms and values influence how organisations function, pushing organisations to a homogenous state.

**Introduction**

This piece provides an overview of how theories of new institutionalism apply to government and the public sector and how they can be extended. While current research generally focuses on institutionalized practices as a source of inertia, attention must be given to the ways in which agents can enact change in the context of policy design and implementation. We argue that one way to reinsert agency back into institutional analysis of the public sector is to examine the interplay between formal institutional structures and/or rules and informal practices.

**Structural change and government**

Early management research predominantly focused on the formal organization. It sought to ‘scientifically’ determine the best way to structure organisations 1 and conceptualize the ‘ideal type’ bureaucracy2. While our understanding of organisational performance has expanded to include ‘informal’ elements such as culture, norms, values and context 3 these early management beliefs still underpin practice in many settings. For example, formal organisational change and restructuring is still often used as a mechanism to achieve better organisational outcomes. This focus has been particularly apparent with the heightened interest in enhancing joined-up approaches in government from the 1990s onwards 4.

**Joined-up government**

Since the 1990s ‘joined-up government’, ‘whole-of-government’ and ‘horizontal governance’ approaches have emerged in many OECD countries as an attempt to grapple with ‘wicked’ public and social policy issues. Such issues are considered to span across boundaries, reflecting the nature of wicked problems. Wicked problems are unstructured and fluid, have multiple and interconnected parts (i.e. are cross cutting) and can appear relentless – requiring novel approaches to problem solving and cross-governmental integration. As a result, there have been a vast array of efforts across governments in various jurisdictions to create integration between service entities and program delivery at the local level and to create policy coherence within government. As Kelman 5 has argued, “topics of collaboration across government agencies and between government, private and non-government organisations are the most discussed questions” in public management. Many additional pressures have led to the urge to join up, including the rise of new public governance and the power of ideas about how government should function, which can operate in both covert and explicit ways 6,7. It has been argued that since the renewed focus on joined-up government and governance[[1]](#footnote-1) in the 1990s, joining-up has become synonymous with modernisation, future-proofing and proactive government 8. ‘Siloed’ working is seen to be out-dated, while ‘joined-up’ and ‘whole-of-government’ working is considered the mark of governments who are ready to meet the challenges of the future 9. In many OECD countries, particularly those with Westminster systems, significant formal institutional re-structuring of departments has taken place in the name of breaking down silos and promoting whole-of government and/or joined-up practice 4. Joined-up working can be created either horizontally or vertically across different policy actors inside and outside of government 10. Horizontal integration tends to be a feature of ‘bottom-up’ approaches to joined-up government – the ideal end state for service delivery. Vertical integration, which is argued to be the most common, brings a range of activities under the purview of a single department. In his seminal work on vertical integration Chandler 11 argues that firms use vertical integration as a way to decrease costs and expand productivity through administrative coordination of a range of operating units. While Chandler argued that vertical integration was more profitable for firms, others have argued that any attempts to create joined-up working for solving wicked policy problems in the public sector should use both vertical and horizontal mechanisms.

The oversight of central agencies have come to be viewed as critical to vertical integration efforts10. This based on the belief that central agencies are “empowered to impose discipline upon line agencies to better align their work with government’s priorities”10. More broadly, new public governance has seen the concentration of power in central agencies in Westminster systems. This role has emerged because of their position at the centre of decision making around key areas such as policy, finance, and administration12. Typically this has involved central agencies using their authority to coerce organisations to align their activities with one another.

While restructuring bureaucracies has become a common practice in the quest for more effective processes and functioning to address wicked policy problems, this action is not based on solid evidence. At present, we have no evidence that formal restructuring of institutions enables or enhances joined-up working, or creates successful outcomes9. Despite this, structural reorganisation has taken on a mythological level of legitimacy that is not supported by either the experiences of those being restructured nor the international literature.

While much attention has been given to the formal structural of institutions, the interplay between these formal institutional structures and informal practices has received little attention. This is despite the fact that, as Kay and Daugbjerg 13 note, we are seeing significant shifts in the balance of formality and informality in institutions which has created an uneasy relationship between institutional inheritance and ‘purposeful design’ in the governance change processes. In this piece we explore how formal institutional structures and informal practices can interact in unforeseen and problematic ways, and that these can be linked by ideas and ideation processes (i.e.  the process of generating, developing, and communicating new ideas) 6.

**New institutionalism in the public sector**

The theory of new institutionalism in organisational analysis has made substantive contributions to knowledge of how organisations operate and why – moving the focus away from rationalist explanations towards analyses which focus on the broader cultural and political contexts in which organisations are located 3. While there are a range of perspectives in new institutionalist theory, commonalities exist. These commonalities are: the positioning of collective behaviour as patterned by informal institutional norms; the view that institutions constitute critical contextual variables that determine behaviour and outcomes giving rise to a greater analytical focus on context; and greater attention is devoted to the constraints of rules and norms, as well as myths and symbols, that prescribe, pattern and legitimise social action 3,6.

Far less attention has been given to how new institutionalism can inform the study of policy 6,14. It has been argued that institutionalisation occurs through the regulation, accountability, oversight, accreditation and funding functions of the public sector – creating ‘professionalisation’ and ‘bureaucratisation’ within other sectors 15. Yet, the public sector can be the object of institutionalised pressures itself rather than merely the source of institutionalised practices 3,14.

Powell and DiMaggio’s formative approach to new institutionalism examines and describes the processes by which practices and organisations become institutionalised; characterised by routinised actions that give meaning to themselves and others 3. New institutionalists have provided considerable evidence that ‘informal’ institutionalised social practices (comprised of norms, values and other elements of ‘culture’) matter for how organisations function – they produce particular patterns of behaviour which diffuse across organisational boundaries through a process known as “isomorphic pressures” 3. This work argues that practices emerge from cultural expectations driven by inter- and intra-organisational factors.

**Isomorphism in the public sector**

An important contribution for the study of the public sector from new institutionalist theories is an understanding of processes of isomorphism within the public sector. Isomorphism is a constraining process that results in organisations becoming homogenous in reaction to the external environment. Powell and DiMaggio (1991) argue that three primary, but overlapping, pressures exist which create and diffuse institutionalised practices: (1) coercive isomorphism that stems from political influence and the need for legitimacy, (2) mimetic isomorphism resulting from standard responses to uncertainty, and (3) normative isomorphism associated with professionalisation. The public sector is subjected to all three pressures, with coercive, mimetic and normative isomorphism impacting its institutionalized practices. However, Frumkin and Galaskiewicz have argued that public sector organisations may be more susceptible to normative and mimetic pressures because they have no single stakeholder group to monitor and evaluate their efforts in terms of the ‘bottom line’. As a result, they may be swayed “by exposure to environmental pressures that promise … greater legitimacy” 14. These pressures can take the form of ideas 6.

**The role of ideas in shaping formal institutional structures**

Béland 6 has argued that ‘ideas’ are an additional force acting on the public sector through politics and the demand for better policy; “ideational forces can become an independent variable that must be understood within specific institutional arrangements”. Hence, these authors argue that ‘ideas’ are part of the construction of social, economic and environmental problems that governments must address; they form the basis of what direction institutional change takes 6. While sometimes this takes the form of generating particular policies (in response to ideology), it can also exert pressure on government to undertake other types of reform, such as altering the formal structures of institutions, in an attempt to be better equip the organisation to tackle emerging problems. Here it is important to note that the authors have drawn a distinction between formal institutional structures (how institutions are organised in a formal sense) and informal ‘institutionalised’ practices (i.e. patterned behaviour) 13. To study institutions, in both senses, Béland argues we must take account of the beliefs and assumptions of actors.

Like their private and not-for-profit counterparts, public sector organisations also need to be seen to be participating in institutionalised ways of working, and be structured in a legitimised institutional form. At the most basic level, this includes the creation of human resources departments or evaluation units that have become expected, or rationalised/institutionalised, organisational components. However, the construction of policy problems can also exert pressures on government to undertake more radical reform. In recent years, ideas about wicked policy problems (combined with other institutional forces) have exerted pressure on governments to pursue integration. In turn, a wide range of different structural efforts have been undertaken by governments in an effort to create joined-up responses 10, underpinned by assumptions regarding how public sector organisations should be constructed. The literature on new institutionalism in organisations has demonstrated that these ‘institutional myths’ (about how organisations or governments should be constructed) can produce significant inefficiencies and potential dysfunction. Here, ‘institutionalised myths’ refer to rationalised organisational myths which form part of institutional contexts in which organisations operate, and to which they adapt in order to maintain their social legitimacy. However, how institutional myths develop and exert isomorphic pressures across the public sector, and what this means for effective government, has been underexplored.

Taking a new institutionalist perspective on organisations locates irrationality in the formal structure of organisations themselves; formal institutional structures can drive inefficient and ineffective behaviour. In a similar vein, Giddens 16 argues that the rationalised actions of individuals produce unintended consequences, both for immediate organisational contexts and broader social systems. Moreover, social actions become a further source of irrationality – potentially supporting and elaborating ineffective institutional myths (i.e. formal institutional structures). Hence, the literature on new institutionalism in organisations implies, but does not fully investigate, that these inefficiencies emerge because of the intersection between formal institutional structures and informal ‘institutionalised’ behaviours. Formal rules, which are divorced from organisational goals, lead to evermore elaborate social practices in an effort to support and compensate for ill-fitting structures 3. In response, informal institutionalised practices work to correct the limitations of formal institutions3. However, Béland 6 argues that new institutionalists have given considerable analytical attention to the ways in which informal institutional practices can also constrain behaviour, reinforcing path dependency, with too little attention to the ways in which agents can enact change in the context of policy design and implementation. Hence, one way to reinsert agency back into institutional analysis is to examine the interplay between formal institutional structures and/or rules and informal practices.

**Re-conceptualising the interplay of formal and informal institutions**

While well intentioned, the notion that structural change will automatically lead to enhanced joined-up working and the achievement of better outcomes, particularly for addressing wicked policy problems, is not substantiated by the literature. As Jun and Weare 17 argue “public organizations must be perceived as politically legitimate, which requires that they conform to social expectations concerning organizational form and functions”. Social actors, be it governments in power or individual public servants, must appeal to external institutionalised practices and pressures in order to maintain legitimacy. These operate primarily at the symbolic and ceremonial levels, creating the possibility that public sector organisations adopt structures and practices which are socially credible, but lead to decreased performance 17. Critically, continual structural change can exacerbate tensions between formal institutional structures and informal institutional practices.

New institutionalists have argued that formal structures can often be the source of organisational dysfunction, and that this dysfunction becomes more elaborate over time where function has become decoupled from purpose or goals 3. Recent research suggests that adopting a structural solution to break down silos between departments and ensure quality in policy advice and implementation can achieve the opposite outcome18. Instead of enhancing integration and policy coherence, merging departments together can exacerbate the tensions associated with cultural differences and associated silo mentalities. However, informal practices can also emerge to address structural deficiencies. Carey etal12 found that, following structural change, informal boundary spanning practices emerged in response to limitations in formal institutional structures. These practices can ensure vertical integration between line agencies and central agencies, for example; enabling the type of integrated action presumed to be required for addressing wicked policy problems. These informal practices, however, can be disrupted, or even dismantled, by structural changes and can take years to re-develop 19. For example, structural change can disrupt informal communication channels that are critical to organisational functioning but not codified in organisational structure 12. This is particularly evident when there is an over-emphasis on structural solutions and a devaluing of the crucial informal practices that keep an organisation together.

Hence, as Kay and Daugbjerg 13 have hypothesised, changes to formal institutions can in fact upset or destroy informal institutional practices with severe, or at least adverse, consequences. While informal institutional practices can mediate formal structures, they take considerable time to develop. This is consistent with theories of social action and change, which indicate that changes to practice are incremental – requiring changes to actors’ stocks of knowledge and routines 16. Similarly, in their study of structural change with the UK government Andrews and Boyne 19 found that adaptation can take years, and that after formal institutional restructuring there is a significant period of disruption. Given the frequency of structural change within many bureaucracies there may be insufficient time for policymakers and administrators to develop practices which ‘patch’ gaps left by formal structural arrangements before the next round of restructuring begins. This, in turn, is likely to contribute to policy layering – where new practices and processes are layered on top of old ones (rather than replacing them), creating an increasingly complex context.

While Béland6 has argued for greater attention to ideation processes in the creation of policy and institutional change regarding ideology, ideas about how governments should be structured are also a powerful force on institutional change. Kay and Daugberj 13 contend that the very structure of a department, or government, is an instrument of government in and of itself – either to deliver services or as a device by which to implement other ‘instruments’ aimed at shaping the behaviour of, or assisting, citizens. How governments are structured creates and constrains the future, shaping the practices of individuals. Hence, structural change to government is no small matter as it impacts current functioning and the availability of different options into the future for addressing wicked policy problems. For example, the informal practices disrupted by formal institutional changes may never change, leaving critical gaps in knowledge and practice which may have detrimental outcomes for the implementation of policy and/or other ‘instruments’.

**Conclusion**

This piece has sought to summarise and extend knowledge of how theories of new institutionalism apply to government and the public sector. While much of the literature focuses on institutionalized practices as a source of inertia, new work must reach beyond this simple finding to explore how formal and informal institutions collide to produce particular outcomes. To date, too little attention has been given to the ways in which agents can enact change in the context of policy design and implementation. We have argued that an important way to reinsert agency back into institutional analysis of the public sector is to examine the interplay between formal institutional structures and/or rules and informal practices. Informal institutional practices can also circumvent problems with formal structures – making them highly productive for achieving policy goals. However, without devoting sufficient consideration to the interplay between them, formal and informal institutions can disrupt one another to create dysfunction.

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1. There is a distinction between the terms joined-up *government*, which involves joining-up within the public sector, and joined-up *governance*, which involves inter-sectoral joining-up. [↑](#footnote-ref-1)