P05 / Governance and State Capacity in the Age of Innovation

Topic : POLICY FORMULATION, ADMINISTRATION AND POLICYMAKERS

Chair : Pedro Cavalcante (Brazilian Institute of Education, Development and Research (IDP))

Second Chair : GABRIELA LOTTA (Getulio Vargas Foundation)

Third Chair : Katherine Bersch (Davidson College)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

At the end of the twentieth century, reformist processes spread over many countries aimed at undertaking changes in the state apparatus in order to make it more efficient, drawing on practices originating in private organizations. This movement, well known as New Public Management (NPM), obtained quite different outcomes, which have been explained by the diversity and complexity of the goals, as well as by the pre-existing institutional framework in the countries that influence the scope of the desired structural changes.

It is undeniable that these reforms, throughout the years, have evolved and incorporated new principles and guidelines. However, major contemporary reforms continue to employ the fundamental logic of NPM, in part because of the challenges more radical change would generate. It is also noteworthy that, given the high transaction costs and disappointing outcomes of such reforms, governments have begun to focus their efforts on pragmatic strategies of incremental changes, that is, micro-improvements or innovations in processes and services that increasingly play a central role in the public sector.

In the current age of innovation, governments focus on improving public deliveries, in a fast and effective way, in the midst of considerable economic, social, political and technological changes; increasing expectations and demands for high-quality services to citizens; enhanced demands for transparency; and budget constraints. Additionally, the challenges of multijurisdictional issues as well as complexity and uncertainty (wicked problems) require adaptive, multidimensional, and intertemporal responses of the public officials.

In such a context, two interrelated issues stand out in the contemporary public policy debate: governance and state capacities. Both, although broad and complex research agendas, are crucial for advancing the understanding of how the public sector currently are operating and innovating in the policymaking.

Governance is probably the most emblematic feature of current public management. In different arrangements, it manages to aggregate significant trends of the post New Public Management (Cavalcante, 2017). As stated by Menicucci and Gontijo (2016, p.17): “the term has a very heterogeneous form, entrepreneurial governance, cooperative governance, good governance, participatory governance, local governance, and sociopolitical governance, among others [...] in general, governance refers to the redefinition and expansion of the forms of relationship between the State and society or between government, private agents and society, having as a distinct aspect the relational dimension” (2016, p. 17).

The emergence, diffusion and increasing use of the concept are due to processes of transformation in different types of organization. In this sense, the proliferation of meanings and uses of the term governance among academics and practitioners is associated with at least three main aspects: i) overcoming the unique responses to public issues typical of the traditional bureaucratic management; ii) growing perception of the complexity of problems, possibilities of solution and meanings of performance and accountability in the public administration; iii) negative effects of NPM reforms which led governments to rethink their intra and intergovernmental coordination strategies and their forms of articulation with the private and nongovernmental sectors.

The idea of governance gains strength by being associated with innovation in the forms of integration, coordination and articulation of governmental activities. These institutional arrangements (formal and informal) organize the relational dynamics between the multiple actors involved in the policymaking in order to produce the necessary capacities for the policy effective implementation (Capano, Howlett, Ramesh, 2014). The field of study addresses, precisely, this relationship between state capacities and policymaking.

State capacities is, at the same time, a prominent topic in the research agenda of policy analysis (Cingolani, Thomsson and Crombrugghe, 2015) as well as a critical element for fostering social, economic, environmental outcomes of the public sector (Rothstein, 2011; Fukuyama, 2014). It is closely related to the

concept of effectiveness, that is, the translation of the government ability to mobilize multiple resources to achieve organizational goals (Christensen and Gazley, 2008). In this sense, the issue appears as a source of strengthening government performance, shaping policy implementation and its final outputs.

Despite the issue's multidisciplinary status, more recently, the discussion of state capacities has reached a prominent position within the many dimensions of governance (Cingolani, 2013). Thus, the focus rests on analyses that seek to understand how these capacities, i.e., one or a combination of dimensions of state power (political, economic, administrative, innovative, etc.) are built in a governance context. In addition, other scholars aim to identify and measure government capacity deficits of the policy and decision making processes in the different combinations of possible modes of governance - hierarchy, market and networks (Howlett and Ramesh, 2015).

Therefore, the research questions that this panel addresses are: how have governments innovated in terms of capacity building and governance arrangements to deal with current and dynamic challenges? What management trends are incorporated into policymaking in the Age of Innovation? What skills and competences are required to build capacity in the state bureaucracy? How have governments been investing in generating examples of good practices of innovation in public policies in the governance context?

CALL FOR PAPERS

In the current age of innovation, governments seek to improve public service delivery in the midst of considerable economic, social, political and technological change. Citizens increasingly expect high-quality services and transparency, even as governments face budget constraints. Additionally, the challenges of multijurisdictional issues as well as complexity and uncertainty (wicked problems) require public officials to provide adaptive, multidimensional, and intertemporal responses. In such a context, two interrelated issues stand out in the contemporary public policy debate: governance and state capacities. Both, although broad and complex research agendas, are crucial for advancing the understanding of how the public sector currently operates and innovates.

This panel addresses the following questions: how have governments innovated in terms of capacity building and governance arrangements to deal with current and dynamic challenges? What management trends are incorporated into policymaking in the Age of Innovation? What skills and competences are required to build capacity in the state bureaucracy? How have governments been investing in generating examples of good practices of innovation in public policies in the governance context?

With the intention to contribute to this relevant debate, this panel welcomes papers with different approaches – theoretical, methodological and empirical, that cover the variety of issues concerning innovation in government; governance arrangements and processes; state capacity; decision making; management of public servants; bureaucracy and coordination instruments. Additionally, we encourage researchers to present papers that discuss detailed cases studies or comparative approaches of countries or subnational levels.

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Session 1

Thursday, June 27th 10:30 to 12:30 (MB S2.465)

Discussants

Natalia Koga (National School of Public Administration (ENAP))

Measuring State capacity in contemporary Brazil: is weberian bureaucracy a useful paradigm?

Raphael Machado (Instituto de Pesquisa Economica Aplicada)

Alexandre Gomide (National School of Public Administration (ENAP))

Pedro Henrique Albuquerque (University of Brasília)

Following efforts to properly operationalize and measure State Capacity, this paper aimed to empirically assess competing views on the constitutive dimensions of the concept, as well to find causal associations between those dimensions and perceived State performance.

Consequently, the following questions arise: which of these theoretical approaches have more adherence to the empirical reality? Are the theories behind the constitutive dimensions of state capacity empirically confirmed? Are there relationships among them? Do such dimensions actually cause the observed performance of the State? To answer these questions, we use contemporary Brazil as empirical locus. Specifically, empirical data collected specifically by a Survey answered for more than 3,000 federal civil servants in 2018. For the purpose of this paper, these data are analyzed by multivariate statistical methods, namely, Exploratory Factor Analysis and Structural Equation Modeling (SEM).

We reviewed the literature to define the constitutive dimensions of the concept and to select indicators to measure them. Therefore, for the Weberian approach to State capacity, we set the dimensions of meritocracy and autonomy of bureaucrats as critical, since these characteristics are believed to be strongly correlated with the results of State actions. In turn, State policy capacity refers to vital skills and resources for the policymaking. Questions related to the knowledge of civil servants on their substantive policy area, as well to leadership, conflict management, and communication abilities were selected as indicators for those dimensions.

We used SEM as a technique to measure the current Brazilian state capacity. The technique allowed the estimation of multiple dependency relationships between observable variables and latent concepts, as driven by theory. Therefore, we could find relations among the constitutive dimensions of the concept and measure the association of these dimensions with the perceived State performance. In addiction, we were able to confirm the adherence of the existing theoretical elaborations to the Brazilian bureaucracy, with the empirical verification of the dimensions of autonomy, meritocracy, skills, resources and relationships.

By the use of SEM, we found a strong correlation between autonomy and meritocracy as well a strong and significant positive association between 'meritocracy' and State performance. Moreover, Factor Analysis showed the combination of the variables related to autonomy and meritocracy as the most explanatory of the variance in the data as a whole.

Specifically, for the Brazilian case our findings shown meritocratic promotion is not a central attribute for national bureaucratic effectiveness, but recognition. In fact, perceived recognition for good performance of their duties is the kind of reward for good performance that Brazilian officials can count on.

The originality of this paper was modeling sets of attributes of constitutive dimensions of State capacity,

seeking to evaluate the adequacy of the data collected to the underlying theoretical approaches. In this objective, we have succeeded. In order to obtain parsimony in the analytical models, we have also been able to identify for Brazil the most important indicators for the identification of the constitutive dimensions of the concept.

Practical aspects of Local Governance and Performance in Public Policies: the case of the Minha Casa, Minha Vida Program

Ludmila Bandeira (Penn State University)

Edgar Reyes junior (Universidade de Brasília - UnB)

This research addresses the practical aspects of public policy governance. It is assumed that institutional arrangements provide (local) governance of public policies and affect the performance of municipalities in the implementation of government policies and programs. The Brazilian housing program Minha Casa, Minha Vida (PMCMV) will be the case selected to analyze the performance of municipalities. Thus, the general objective of the proposal is to identify the effects of practical aspects of local governance on the performance of Brazilian municipalities in the implementation of public policies. For this, the work is organized in five methodological stages of research. The first stage is the classification of municipalities into homogeneous groups based on secondary data, while the second one refers to the survey of the relative performance of municipalities in the PMCMV for Data Envelopment Analysis (DEA). The third stage refers to the evaluation of the performance in the implementation of public policies, considering general indicators of fiscal management (IFGF) and quality of life (IDHM). The fourth is the evaluation of the practical aspects of local governance of Brazilian municipalities based on secondary data. Finally, the fifth stage deals with the construction of a linear regression model, to answer the main objective of the research. As a result, it was identified that Brazilian municipalities have different structuring patterns, most of which are classified as poorly structured or with minimal structure, with a clear regional pattern, where the South and Southeast present more frequently well-structured municipalities compared to Mid-West, North and Northeast. When analyzing the relative efficiency in the PMCMV, Mid-West, North and Northeast presented, on average, more efficient municipalities in the implementation of the Program, in addition, the municipalities with better structure also presented better results, indicating that the structure is determinant of the performance in the Program. The analysis of the performance of municipalities considering general indicators (IFGF and IDHM) revealed the existence of two development patterns in Brazilian municipalities, being possible to divide the country into two regions, a region composed of South and Southeast, and another composed by Mid-West, North and Northeast. On the practical aspects of local governance, it was observed that capacity presented an increasing pattern comparing the evolution of the analyzed years and seems to be related to the regional and population characteristics. On the other hand, integration has shown a decreasing pattern over the years, being more frequent in the South and Southeast regions. The institutionalization did not show any significant variation independently of the analysis cut. Finally, the relationship between the practical aspects of local governance and relative efficiency in PMCMV, showed that despite the existence of a correlation between the capacity and integration dimensions and relative efficiency, these variables have no explanatory power. However, the relationship between practical aspects of local governance and performance in the execution of public policies showed that there is a correlation between the three dimensions analyzed and the performance, but only the capacity variable presented explanatory power, being 49.1% of the performance variable explained by the capacity dimension.

Do State capacity dimensions differently affect policy areas performance? An analysis of a federal government

Pedro Cavalcante (Brazilian Institute of Education, Development and Research (IDP))

Ana Pereira (Universidade de Brasília)

The idea of state capacity involves the concept of effectiveness, i.e., translating the ability of governments to mobilize multiple resources to achieve organizational goals. In this sense, a crucial question in the agenda is: what are the determinants of state capacities needed for governments to accomplish their organizational missions and policy proposals. To answer it is not an easy task, especially, because the complex context of public governance, which may refer to the redefinition and expansion of the forms of relationship between State and society or between government, private agents and society, having as a distinct aspect the relational dimension. In this sense, the concept of state capacity has evolved to encompass multiple dimensions, such as the quality of bureaucracy, structures of governmental coordination and networks between actors located inside and outside public administration.

Although recent studies have pointed out that state capacity is crucial to explain performance in public governance, other issues emerge. First, which are the state capacity dimensions or factors that

governments mobilize and combine in order to affect organizational goals? Is the organizational performance among policy areas in the public administration equally perceived? Do these dimensions or factors of state capacity affect policy performance in the same way? To explore these questions, this paper's main goal is to analyze the determinants of governmental performance. More specifically, we intend to map which dimensions of state capacity are critical for successful governmental performance; and, in the cases of poor performance, we plan to investigate which dimensions were absent. This analysis applies to multiple policy areas of the Brazilian public administration.

The inquiry assumes that policy areas (social, infrastructure, economy and, state functions and coordination) have different state capacities and therefore produce heterogeneous effects on outputs and outcomes. This hypothesis is based on previous researches that investigated the process of State building in Brazil and the quality of the Brazilian bureaucracy. Historically, public administration in Brazil was organized in the context of the development agenda (which took place from 1930 to 1980) and it was based on the idea of "pockets of efficiency". Hence, Brazilian bureaucracy was built in a very asymmetric pattern since the agencies responsible for the development agenda concentrated state capacity (meaning professionalization and political autonomy) whilst the majority of government were mostly ineffective and unprofessional. In the recent decades, however, an expansion of State capacity happened throughout the Brazilian public administration, although some asymmetries still persists, especially in the case of social area.

In order to investigate this phenomenon, we use a survey applied to over three thousand civil servants of the Brazilian federal public administration that covered, in addition to performance questions, the following governance dimensions: meritocracy, autonomy, relationship, skills, resources and, external environment.

Initially, we employed principal components analysis for creating composite variables, based on the bureaucrats perceptions, of organizational performance and governance dimensions above mentioned. Then, the paper displays descriptive statistics to explore these synthetic indexes in four different policy areas of government (social, infrastructure, economy and, state functions and coordination). Lastly, we run a multivariate regression to test the effect of state capacities on policy performance.

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Session 2

Thursday, June 27th 16:30 to 18:30 (MB S2.465)

Discussants

Pedro Cavalcante (Brazilian Institute of Education, Development and Research (IDP))

Alexandre Gomide (National School of Public Administration (ENAP))

Power Delegation to Non-Majoritarian Institutions: a bibliographic review

Bernardo Buta (Fundação Getúlio Vargas)

Marco Marco Antonio Carvalho Teixeira (Fundação Getúlio Vargas)

The delegation of power and authority to non-majoritarian institutions is a complex issue from the point of view of public governance. It involves challenges regarding: 1) representative democracy, since it entail the creation of autonomous agencies whose leaders are not elected; 2) control, because it limits the monitoring of ministers on the leaders of these agencies; and (3) state capacities, since the performance of these agencies does not always tend to improve. A systematic literature review was conducted in order to identify how academic literature addresses these issues. The search was made on the journals listed in the Public Sector and Health Care section of the Academic Journal Guide published by the Chartered Association of Business Schools. The keywords used were delegation, autonomy or independent, and variants, in the abstract, or in the keywords of the article when the abstract was not available. After reading the abstracts and understanding the main characteristics of the articles, 31 studies were selected, giving preference to empirical studies. The content of the articles was analyzed in order to: understand the nomenclatures and definitions given by the authors to non-majoritarian institutions; identify the possible causes and consequences of delegations; and understand the forms of delegation described in the case studies. The results demonstrate that there is a wide variety of definitions and approaches to the topic delegation, with several signifiers and meanings to define the institutions for which power and authority are delegated. The number of articles on delegation published in these journals has increased in the last two years, demonstrating that the topic is gaining relevance. The causes for delegation involve: credible commitment; international influence; political uncertainty; expectation of improvement of state capacities; state tradition and political learning; dissemination of NPM reforms; blame shifting; complexity of delegated policies; and democratization. Regarding the consequences of the delegations, the following results were identified: credible commitment; blame shifting; improvement or worsening of state capabilities; accountability difficulties; overcoming problems of temporal inconsistency in the decision-making; corporatist benefits for bureaucrats; and less political uncertainty. Regarding the forms of delegation, it was found that the hierarchical linkage of non-majoritarian institutions to the ministry varies widely, encompassing agencies with greater or lesser ministerial control. The existence of mandate for the leadership of the organizations also varies, as well as the duration of these mandates. Non-majoritarian institutions may also have greater or lesser political or administrative autonomy. There were few studies that addressed the discretion of the agencies in their scope of action, indicating that the researches concern on political autonomy is non-recurring. The administrative autonomy, related to the discretion of the agencies in the management of budgetary and personnel resources, was highlighted in a large number of cases. The conclusion is that there is a need for standardization of the terms used by the academic community. Likewise, there is a lack of empirical studies that address the results of the creation of non-majoritarian institutions.

Politics and Innovation in Canada: Positioning of Ruling Parties and Second Terms

Carl Deschamps (University of Ottawa)

Luc Bernier (University of Ottawa)

Innovation in the public sector has too often been presented in terms of organizational factors. Broader governance and political issues have too often been neglected. Attempts to improve the capacity of the state were not necessarily done only for administrative purposes but also have to be put in perspective of who was in power and what were their ideological positioning, of the presence of political competition or not, and take into account institutional governance arrangements. In the paper we propose, we ask whether governance factors – such as ideology, the presence of minority versus majority governments, and renewal of leaders – influence the occurrence of innovation and the type of managerial innovations that are promoted in public organizations. Do changes of government have an impact on building state capacity or promoting instruments such as PPPs that could be linked to NPM? Our analysis takes into account the presence or absence of deficit, demographic changes, and variations in unemployment rates – all factors that do influence state-building.

We use the applications to the Innovative Management award of the Institute of Public Administration of Canada (IPAC) to study the combined effects of political majority, ideological positioning, and government's renewal on public sector innovation in a New Public Management perspective. Whether NPM remained a driver of innovation throughout the evolution of governance in the 21st century has to be studied more in depth. 1685 applications form a comprehensive database of the managerial innovations that occurred in 11 governments, 1 federal and 10 provincials, over the last 28 years. We examine the political antecedents of these innovations using a quasi-Poisson panel regression analysis.

We find that left- or right-wing ideologies do not significantly affect the quantity of innovations, but they change the types of innovation that are submitted to these awards. Furthermore, we find that a party in power will usually peak in its innovation drive during their second successive mandate, and diminish thereafter. This quadratic relation is only associated with political parties, and not with changes in Prime Minister while the same party hold on to power. We attempt to explain this effect by two opposed mechanisms linking governance and innovation. First, new parties in power take time to learn about the capacity of their administration to innovate and to find what innovations can be realistically implemented, which increases their ability to innovate and implement their vision of the state. At the same time or after a short while, parties in power are increasingly averse to 'rocking the boat' and taking risks that could expose them to critics, therefore limiting their motivation to innovate. We discuss these effects in light of our previous work on the topic and of existing theories of innovation in the public sector. This study raises the question of how innovation can allow states to build the capacities needed to face the complex and changing issues of today's world.

Co-operative Councils: new wine or new skin for co-production in policy formulation and administration?

Temidayo Eseonu (University of Manchester)

In the midst of economic challenges, social, demographic and political changes all of which affect state capacity, co-production is viewed by local governments as an approach to address wicked problems and meet the service demands of its citizens. Co-production can be viewed as an 'essential and inalienable core component of service delivery: you cannot have (public) service delivery without co-production' (Osborne and Strokosch, 2013, pS36). Co-production in this paper uses Ostrom (1996)'s definition and is taken to mean the active involvement of inputs from individuals (residents of the area and members of the groups served) who are not within a local council to design, produce and deliver public services.

In the UK, there has been an emergence of co-operative councils as an innovation in public service delivery, these form part of an innovation network that seeks to transform the way they work with their communities. Co-production is one of the Co-operative Innovation Network (CCIN)'s key principles. It is important to note that these councils are not co-operatives themselves because they are not enterprises, but the principles and values of the global co-operative movement have been adapted to a local government context.

This paper seeks to discuss a case study of how a co-operative council has translated the co-production principle into its organisational values. This paper will examine the governance arrangements for co-production i.e. how political and administrative decisions get made, how governmental systems work…….and how states relate to societies (Grindle, 2017, p.17). This paper will examine whether this management trend (adoption of co-production as an organisational value) has led to 'an open process of participation, exchange and collaboration with relevant stakeholders, including end-users, thereby crossing

organizational boundaries and jurisdictions' (Voorberg et al., 2015, p.1334). This is referred to as social or governance innovation (Voorberg et al., 2015; Hanna de Vries et al., 2016).

It is theorised that this management trend is likely to change 'relationships amongst organizational members and affect rules, roles, procedures and structures, communication and exchange among organizational members and between such members and the environment' (in Walker, 2014, p23).

Data collection will be done through documentary analysis and interviews – as part of the empirical stage of a doctoral research project. An analytical framework (developed from Osborne and Strokosch, 2013; Voorberg et al., 2015) will be applied to deepen understanding of whether co-operative councils as social/governance innovators are actually new vehicles for co-production or not. This framework will allow for analysis of (i) the role of citizens in co-production as co-implementer, as co-designer or initiator, (ii) which mode(s) of co-production and (iii) what factors influenced the 'compatibility of the organisation to public participation' and the 'citizens willingness to participate'.

Co-operative councils as social/governance innovators are a novel concept which has developed in practice but yet to be conceptualised in academic literature, consequently, this research seeks to add to the body of knowledge on innovation in governance as a way to improve state capacity.