CHAPTER 2

Organisational design and the quest for practical relevance

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ABSTRACT

The relevance of political science in terms of practical problem-solving is an enduring topic. Within the sub-discipline "Public Policy and Administration" (PPA) an organisational design focus represents an obvious avenue in this direction. However, many PPA scholars seem more attracted by a policy design focus. This is a bit surprising since the dependent variables (the effects that are to be achieved through policy design/intervention) tend to be located outside the political-administrative sphere: they are typically about societal and environmental effects that are probably better studied by economists, sociologists, biologists etc. A focus on organisational design, on the other hand, may be more to the point in a PPA context since the interesting effects are then found among classical political science dependent variables (such as the governance process and the content of public policy). Although policy-makers certainly need knowledge about how public policies affect the society, economy and environment, they also, arguably, need knowledge on how the desired policies might actually materialize in a systematic manner. This chapter outlines an organisational design approach within a PPA context, and highlights in particular two topics to which Dag Ingvar Jacobsen has made important contributions.

Keywords: governance, horizontal structures, organisation culture, organisation demography, organisation design, organisation locus, organisation structure, physical structure, policy design.

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INTRODUCTION

The relevance of political science in terms of practical problem-solving is an enduring topic. Arguably, within the sub-discipline "Public Policy and Administration" (PPA) an organisational design focus represents an obvious avenue in this direction. However, many PPA scholars seem more attracted by a policy design focus. This is a bit surprising since the dependent variables (the effects that are to be achieved through policy design/intervention) tend to be located *outside* the political-administrative sphere: they are typically about societal and environmental effects that are probably better studied by economists, sociologists, biologists etc. A focus on organisational design (conscious structuring,

staffing and locating of public administration), on the other hand, may be more to the point in a PPA context since the interesting effects then are found among classical political science dependent variables (such as the governance process and the content of public policy). Although policy-makers certainly need knowledge about how public policies affect society, economy and environment, they also, arguably, need knowledge on how desired policies might actually materialize in a systematic manner. This chapter particularly outlines an organisational design approach within a PPA context and presents two examples of how Dag Ingvar Jacobsen has contributed significantly to creating a knowledge base for organisational design.

TWO TYPES OF RELEVANCE

To some, scientific research is dedicated to knowledge per se and the human spirit of inquiry. Nevertheless, the theme of practical relevance is an enduring theme. This also holds for political science where "relevance" is occasionally placed explicitly on the research agenda (e.g., Holmberg and Rothstein, 2012; Stoker et al., 2015). However, arguably, relevance relates to providing both "pure knowledge" on polity, politics and policy *and* to providing instruments for practical problem solving in the political sphere. It could be wise to distinguish between the two; in my view, the relevance of the discipline is indisputable regarding the first concern. Since political order probably constitutes the most important societal component in our lives, it should be rather obvious that citizens in general need research-based knowledge about its organization, recruitment, decision-making and outputs. In particular, this holds for professions like politicians, public bureaucrats, political journalists, lobbyists and schoolteachers in social science. The second concern, however, whether the discipline provides the *tools* for practical problem solving, seems far more contested. To what extent is the discipline equipped to deal with trivial as well as serious challenges such as climate change, migration or pandemics (like Covid-19)? In the following, I discuss two approaches that aim at providing both such tools, namely a policy design focus and an organisational design focus. Both approaches mainly belong to the sub-discipline PPA. I argue, *inter alia,* that the dominance of a policy design focus is highly surprising since the dependent variables (effects to be achieved) in this case tend to be located *outside* the core area of PPA research.

THE POLICY DESIGN FOCUS

According to Capano and Howlett (2019), the "technical dimension" of policy design refers to the knowledge of the characteristics of policy tools and their impact on policy target populations. The "political dimension" refers to the institutional and partisan nature of the context in which policies are decided. Typical policy tools dealt with in the literature are legal (e.g., regulations), financial (e.g., grants) and informational tools (Hood, 1983; Howlett, 2011). Although one finds studies that explicitly investigate how policy design might affect governance, e.g., May's work on the relationship between policy design and policy implementation (May, 2012), most studies of policy tools focus on instruments that are used to intervene directly in the economy and society (Peters, 2018: 95). Moreover, the contributions by Rothstein and colleagues, in their effort to respond to the quest for relevance, mainly fall in this category. They show that a particular policy design, namely impartiality in law application, is associated with a diverse range of phenomena such as economic wealth, life expectancy at birth, access to safe water and people's happiness (Holmberg and Rothstein, 2012). Finally, the emerging field of Behavioural Public Administration most commonly seems to focus on how citizens respond to particular forms of policy design based on nudging (James et al., 2017).

It has been said that there is nothing as practical as good theory. In order to create a knowledge base for policy design, one therefore needs to establish a set of *general* relationships between design tool characteristics on the one hand and effect variables on the other. So far, the independent (tool) variables, as we have seen, tend to be more descriptive than theoretical. And the same is true for the dependent variables. Even more problematic, from a PPA perspective, could be that the dependent variables for the most part are located *outside* the political sphere, indicating that disciplines other than political science (like economics, sociology and biology) might be better equipped to study the relationships. Arguably, this holds with exception for the *political* consequences of public policy.

Most of the policy design literature has tended to ignore the institutions and organisations that deliver public programmes (Peters, 2018: 135). The exceptions are Hood (1983) and Howlett (2011). However, in the latter studies, organisational characteristics are descriptive (e.g., ministries, agencies) rather than theoretical. Moreover, they are not analysing the relationship between organisational design and particular policies (Peters, 2018, p. 135). A review of the literature on the effects of New Public Management (NPM) reforms and post-NPM reforms (considered as "organisational tools") concluded that the results were often ambiguous due to unspecified independent variables (Lægreid, 2018).

AN ORGANISATIONAL DESIGN FOCUS

Arguably, Gulick (1937) was among the first to launch some key elements of an organisational design focus within a PPA context that hypothesized theoretical relationships between organisational variables ("design tools") on the one hand and behavioural/policy consequences on the other. For example, he argued that public bureaucracies specialized according to purpose (sector) would lead to policy standardization across territorial units, while those arranged by territory (geography) would allow for policy variation between such units (Gulick, 1937). Since then, numerous empirical studies on possible associations between organisational variables and behavioural/policy variables have appeared, although not as many as one could have expected (for overviews of the literature, see Christensen and Lægreid, 2018; Egeberg and Trondal, 2018, 2020). One of these contributors is Dag Ingvar Jacobsen.

Jacobsen made an early and innovative study of the potential impact of an organisation's physical structure on its decision processes (Jacobsen, 1987). "Physical structure and location" is one of the key variables in an organisational design approach to public governance (see below). Based on original questionnaire data, he analysed whether moving ministerial (organisation) units physically in or out of the ministries' main buildings makes a difference to decision-making processes. Since research had already demonstrated that moving units *organisationally* (i.e., changing the organisational structure) within ministries makes such a difference, it was crucial to control for this factor. Thus, Jacobsen in his study included only those organisational units, which had been *physically* relocated, while staying organisationally untouched. He observed that the units that had moved into their respective ministries' main buildings significantly increased their contacts with other units in the ministry as well as its political leadership, while the opposite happened to units that had moved out. Moreover, he showed that more contact meant more influence in the policy process for the "home-coming" units. At the same time, ministerial steering and coordination were seen to have improved (Jacobsen, 1987, 2020).

One might ask whether more digital contacts and meetings make physical interaction among decision-makers superfluous, thus rendering Jacobsen's findings less relevant to-day. The argument has often been heard during the Covid-19 crisis. However, digital meetings are planned meetings. Unplanned encounters in corridors and around coffee machines presuppose physical proximity. Moreover, even (planned) physical meetings can be convened on short notice when physical distances are small.

Another important contribution by Jacobsen is his research on the impact of horizontal organisation structures on public governance (Jacobsen, 2015, 2017). More specifically, he investigated the extent to which regional councils, composed

of representatives of neighbouring municipalities, contribute to coordination and problem-solving across municipal borders. Alternatively, the handling of certain trans-border challenges could be organised at a higher level of government, or highly interdependent municipalities could be merged. Arguably, setting up horizontal coordination structures like regional councils often represents the least controversial organisational solution. But do such structures deliver? Jacobsen found that regional councils only moderately improve trans-border problem solving related to physical and social planning, for example. However, such arenas may be important for socializing and creating personal relations and trust across political and territorial borders. And the more administrative capacity assigned to the councils, the more trans-border problem solving seems to happen (Jacobsen, 2015). Current governance research often tends to consider public governance as collaborative, horizontal or interactive, for both descriptive and normative terms (for an overview, see Ansell and Torfing, 2016). Against this backdrop, studies like the one by Jacobsen's, which showed the *limits* of horizontal and flat structures are important indeed. Such findings may serve as an antidote to naivety among policy-makers that have to cope with wicked trans-border problems (like climate change or pandemics) at the national as well as the international level.

Although a considerable amount of research on the relationship between organisational variables and governance/behavioural variables has taken place, an explicitly formulated and comprehensive organisational design focus within a PPA context, which specifies dependent and independent variables, has been lacking so far (Lægreid, 2018; Hermus et al., 2020; van Buuren et al., 2020). However, Egeberg and Trondal (2018) aim at establishing such a framework. Below, I briefly outline this framework.

Organisational characteristics of the governmental apparatus, which in a PPA context is the executive branch, constitute the independent (tool) variables. First, "organisation structure" denotes a codified system of positions and their respective role expectations. A position makes up the micro-component of a structure. The actual decision behaviour (incl. preferences) of the person occupying the position is expected to significantly reflect the role expectations due to mechanisms like rewards, punishments, norms about appropriate behaviour and bounded rationality. Concerning the latter, Simon (1965) argued that a decision-maker's position largely determines what kind of information he or she looks for, becomes exposed to and/or is shielded from. Due to limited cognitive capacities, alternative information will seldom be available in practice. Second, "organisation demography" designates the composition of the personnel in terms of e.g., geographical and educational background, gender and former career, but also length of service in the current organisation. Third, "organisation locus" means the geographical location and physical arrangement of the organisation.

Characteristics of governance processes or policy outputs constitute the dependent variables. "Governance" is defined as the processes through which the steering of society happens (Ansell and Torfing, 2016), and encompasses agenda-setting, policy development, adopting laws, budgets and policy programmes, and implementation. It is not always clear where the governance process ends. Here, public governance is seen as an activity that takes place predominantly within political and administrative bodies, thus not within public organisations such as hospitals, schools or police stations. Others, however, see "street-level bureaucrats" as parts of the governance process (Lipsky, 1980). "Meta-governance" denotes governance that aims at structuring, staffing, or locating the governmental apparatus itself. A knowledge base for organisational design should therefore consist of: first, knowledge about how organisational factors might shape governance processes and the content of public policy, and second, knowledge about how such factors might facilitate organisational change itself (meta-governance). Although this knowledge base makes up the key tool kit, organisational designers should have additional knowledge about the political context within which public governance happens (Olsen, 2010). This means, *inter alia,* that problem definitions and goals should, as a rule, be anchored in the political leadership (since goals are often contested), and that organisational change depends on power and legitimacy to implement it. In addition, designers can exploit situations in which potential opponents have other important things to do, exploit external shocks as catalysts for change, and formulate reform proposals in accordance with institutional legacies or with current organisational fads and fashions (Olsen, 1997).

Following Simon (1969) there seems to be a widespread perception that there is a fundamental difference between retrospective science and prospective design. Whereas science is primarily about studying current (or past) practices, design is about creating future practices (Romme and Meijer, 2020, pp. 150–51). Thus, the literature distinguishes between e.g., basic and applied research, discipline and policy research, and descriptive and actionable knowledge (Argyris, 2005). Egeberg and Trondal (2018) argue, however, that (organisational) design thinking should primarily build on knowledge about causal relationships between organisational variables (design tools) on the one hand, and characteristics of governance processes or policy outputs on the other (although a creative component could be part of it too). Thus, actionable knowledge is not seen as qualitatively different from descriptive knowledge. Design thinking happens when an actor, given his or her goals, wants to change the characteristics of governance processes or policy outputs by manipulating organisational variables. Concomitantly, designing presupposes evidence about causal relationships in order to be able to predict (to a certain extent) the effects of alternative organisational designs.

In order to build theory and generalisable (and thus actionable) knowledge, variables should be both abstract and generic (Egeberg and Trondal, 2018). Organisation structures are, for example, described as specialized according to purpose, function or geography, as hierarchical or collegial, or as primary or secondary. Similarly, the dependent variables should be relatively abstract in character. Thus, a particular problem waiting for a solution has to be subsumed under a general category. For example, a concrete coordination problem between two units has to be classified as related to, e.g., vertical or horizontal, inter-organisational or intra-organisational coordination.

The organisational (tool) variables selected reflect a concern for focusing on variables that are more amenable to conscious choice than others. Thus, this is one reason for not including organisation culture, for example, as a design variable. A deliberate selection of organisational (tool) variables implies, by necessity, that the model becomes a highly partial one; it does not at all aim at providing full explanations for variations in the dependent variables. Rather, the idea is that if the selected organisational factors have been shown (in studies) to make a significant difference, this is good enough from an organisational design perspective.

CONCLUSION

Arguably, organisational characteristics of the governmental apparatus cannot, as a rule, be expected to affect the society, economy, or environment directly, but only indirectly via public policies. Does the focus on effect variables *inside* the political-administrative sphere make an organisational design approach less useful and relevant than the policy design approach? Egeberg and Trondal (2018) argue that the two approaches complement each other: in practical problem-solving situations, policy-makers certainly need knowledge on how particular policies might affect the society, economy or environment, but *also* on how such (desired) policies might actually materialize in a systematic manner. For example, when economists or natural scientists design policies in order to cope with climate change, political scientists should be able to contribute by pinpointing how such trans-border and multilevel policy making could be organised in order to achieve the desired policies. Moreover, people who run governments, i.e., bureaucrats and executive politicians, are routinely involved in structuring, staffing, and locating public administration. Thus, the need for evidence-based knowledge on their effects on governance and policies seems obvious.

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