Analyzing public management policy making: ‘new institutionalism’ versus ‘institutional processualism’∗

Raquel Gallego
Universitat Autònoma de Barcelona

Michael Barzelay
London School of Economics
August 2004

INTRODUCTION

The analysis of public management reform from a political science perspective is very recent. Although public management policy has been on the governmental agenda of numerous countries over the past two decades, political scientists have not shown interest in this topic. This is striking, not least because public management reform is about institutional change, and institutions have traditionally been a central object of study in political science1. Only over the past five years some public administration academics (Capano 2003, Christensen and Laegreid 2001, Hood 2000, 2004, James 2003, Knill 1999, Pollitt and Bouckaert 2000) and some public management scholars (Barzelay 2001) have shifted to a political science view of this phenomenon, by making incursions into the use of the main theoretical approaches in the discipline.

Until then, the study of these public management reforms had led to the production of a massive body of literature around the so-called ‘new public management’. The NPM topic attracted the attention of scholars specialized in public administration, management, economics, and public policy. Some of this literature focused on policy and doctrinal argumentation about what-to-do ideas and actual policies, and some of it was research-oriented with an aim to explain facts and events (Barzelay 2000). However, most of this latter type of literature was atheoretical and, as a result, they often failed to go beyond the compilation of detailed descriptions of country-specific reform programs, or of sector and even organization-specific reforms. Part of this literature elaborated deep reflections on the body of doctrinal beliefs behind NPM, and part of it explored the ideological component that might lurk behind the reforms and their expected impacts on power distribution. Typologies of NPM reforms were also used to counteract the initial idea of a sweeping international reform trend, which ultimately kept feeding back the debate about how to define NPM at all. Therefore, the why and how of public management reforms were not explained.

Against this background, the recent shift to a political science angle to study public management reforms has led to substantive progress. The literature does not only talk about NPM –instead, NPM is now seen more as a recent historical phenomenon than a concurrent trend. Moreover, as a result of looking at public management reforms from political science lenses, this phenomenon has become relevant to other subfields in political science. And a reflection on public management reform can be extrapolated to the study of other domains of public policy were the use of political science analytical tools may lead to improve their understanding.

Most of this literature has adopted the approach of ‘new institutionalism’ –including works within the historical, rational choice and sociological schools (Hall and Taylor 1996), thereby reflecting a prevailing paradigm within the discipline of political science since the early 1980s. However, another line of research on public management reforms has also developed, which is not easily categorized within ‘new institutionalism’. Its antecedents can be found directly in the 1990s (Campbell and Halligan 1992, Campbell and Wilson 1995, March

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1 It might be less striking if we consider public administration and public management as belonging to the ‘second tier of explanations’ of differences in government capabilities (Weaver and Rockman, 1993), and a topic traditionally claimed by public administration, public management and public policy scholars.
and Olsen 1989, Olsen and Peters 1996) and more indirectly in the literature on the policy making process (Kingdon 1995, Heclo 1974, Lindblom 1980). Although being fully within political science, scholars within this line see themselves as centered outside ‘new institutionalism’. In fact, given their focus on process dynamics, a different label could best apply to identify their approach: ‘institutional processualism’.

There is progress amidst diversity, and the progress is partly attributable to the increase of influence of the political science research program on the study of public management reform. Though there are differences, now all authors seem to be writing as if they considered the NPM literature a closed chapter in the study of public management reform by political scientists.

Looking forward, this relative success/favorable development could usher in a period of complacency among scholars researching on public management reform. This eventuality would stunt the growth of knowledge about this important aspect of executive institutions, much as happened in the 90s with the preoccupation with the concept of NPM. The proper care and feeding of the scholarly community includes a sustained discussion of theoretical and methodological issues concerning this area. A mature research community will provide fully satisfying insights into the continuities and change dynamics of public management policies and other aspects of executive government. Scholars have had to make theoretical and methodological commitments, with an impact on their research program. Therefore, now we can assess the literature strength and weaknesses on theoretical and methodological grounds. So far, there was no methodological conversation. Now it is possible to assess the theoretical and methodological engineering of these studies, because of the congruence between the work done and bigger traditions. Assessing will allow improve the quality of research work by having methodological critique.

This paper aims to open this debate. The issues this paper deals with are: a) How do you attain generalizations about process dynamics of public management reforms that are sensitive to the institutional context? b) How do we get insight into the aspects of public management reforms that involve leadership, learning from experience, creativity in the formulation of substantive policy areas? c) Should the pattern of methodological commitments evident in the field at this point be cast as an opposition between ‘new institutionalism’ and an alternative label –namely, ‘institutional processualism’? This paper addresses these three issues to usher in a sustained theoretical and methodological discussion about public management reform.

THE ‘NEW INSTITUTIONALISM’ IN THE STUDY OF PUBLIC MANAGEMENT REFORMS.

Over the past five years, most of the recent studies taking a political science perspective on public management reforms have adopted a ‘new institutionalist’ framework. Following the developments within this approach since the early 1980s, these works on public management reform also tend to show the influence of the three research schools of ‘new institutionalism’ that have been identified by academics. This section will first briefly review Hall and Taylor’s (1996) synthesis of the three schools of ‘new institutionalism’. Against this background, we will then review some emblematic recent studies of public management reform to show how they each have strong affinities with a school of ‘new institutionalism’.

The ‘new institutionalisms’

Historical institutionalism, rational choice institutionalism, and sociological institutional emerged in reaction to the behavioral revolution that had characterized political science over the 1960s and 1970s. Although they developed along relatively independent paths, the three approaches were interested in analyzing the impact of institutions on social and political outcomes. Their stances mainly differed on how they conceptualized the relation between institutions and behavior, and how they explained the processes of origin and change of institutions.

Historical institutionalism may assume both a ‘calculus’ and a ‘cultural approach’ in the conceptualization of human behavior. From a ‘calculus approach’ individuals are self-utility maximizers, who behave instrumentally and strategically on the basis of exogenously fixed preferences. Thus, institutions provide them with varying degrees of certainty about the probable behavior of other actors, through the configuration of the rules of the game. From a ‘cultural approach’ the behavior of individuals is bounded by societal and organizational norms and
routines that help them interpret specific situations. Thus, preferences are conceptualized as endogenous –that is, they are shaped by institutions that provide moral and cognitive frameworks for interpretation and action. Building on these assumptions, those writing from a ‘calculus approach’ explain the persistence of institutions to the extent that they contribute to the resolution of collective action problems, and as long as individuals perceive they are better off by engaging in exchange than in a situation of non-cooperation. From a ‘cultural approach’, the institutions persist because the structure the very preferences and choices of individuals about change. Moreover, many institutions are collective constructions and, therefore, cannot easily be changed by the behavior of an individual.

Historical institutionalists are interested in how institutions unevenly distribute power across social groups. Their tenet is that intermediate level institutions, such as rules of electoral competition, party systems, number of veto points in the policy-making process, or structure and organization of interest groups, not only shape individuals‘ strategies, but also their goals and the relations they establish with other. Thus, institutions are the formalization of interactions among networks of actors and reflect historical-political compromises –that is, the confluence of forces at a particular point in time. In this respect, the choices made at the initial stages of institutional formation impose a ‘path dependence’ dynamics over subsequent behavior.

This school aims at providing theoretical leverage for understanding policy continuities over time within countries, and also policy variation across different national contexts (Peters 1999). However, historical institutionalists concede that institutions are never the only cause of political outcomes, and they also include the impact of other factors, such as socio-economic development and the diffusion of ideas, as well as the behavior of individuals. Their explanatory strategy is to look into causality through cross-national comparison, on the basis the interpretation of political historical dynamics.

Rational choice institutionalism makes behavioral assumptions that are inspired in economics. On the one hand, individuals have exogenously fixed preferences and are self-interested, utility-maximizers. Accordingly, they behave instrumentally and strategically on the basis of calculation. On the other hand, institutions are defined as collections of rules and incentives that define the conditions within which political actors behave. Institutions impose constraints on their behavior, and therefore, on the strategies they choose to follow. Individuals will still remain motivated by utility maximization and self-interest –that is, they act on a ‘logic of consequentiality’-, but will accommodate their behavior to such rules and incentives on a rational basis. As a result, institutions produce benefits such as predictability and regularity of outcomes, as well as ensuring collective rationality out of individual self-interest –thereby overcoming the chain of collective action problems that characterize politics.

This school assumes that institutions are designed and shaped by individuals, and they emerge as efficient (functional) answers to collective social and economic needs. Thus, institutional change is conceptualized as an event that is brought about by individuals when existing institutions lose their functionality. In this respect, change is not seen as problematic. Instead, it is assumed that a new set of rules and incentives will lead to a rational change in the behavior of individuals, who will perceive the gains of cooperation.

Conceiving of institutions as the result of deliberate and intentional strategies, their research agenda has concentrated on institutional design, and has addressed questions such as: How to constraint variability of human behavior (Riker 1980), how to aggregate individual preferences into collective decisions without imposing outcomes (how to induce equilibrium) (Arrow 1951; Shepsle and Weingast, 1995), or how to coordinate and control public bureaucracy to ensure compliance (Johnson and Libecap 1994). To answer these questions they search for explanation through the elaboration of static experiments, with an aim to build generalizations.

Sociological institutionalism openly questions the distinction between ‘rationality’ and ‘culture’-driven institutions. Its main claim is that most institutional forms and procedures in modern organizations are not adopted for efficiency reasons, but are rooted in culturally-specific practices. Sociological institutionalists’s starting point is their definition of institutions: they are not only as a set of formal rules and procedures, but are mainly a ‘frame of meaning’ composed of symbolic, cognitive and normative guides for human action. Accordingly, they conceptualize human behavior from the lenses of the ‘cultural approach’: individuals behave in accordance with the organizational norms within which they have been socialized, or they behave following the cognitive templates that the organization provides for the interpretation of different situations. Therefore, institutions determine
individual preferences and identities. This is compatible with conceptualizing individuals as instrumentally rational, but rational action is considered by this school as socially constructed. Individuals are not assumed to behave on the basis of a ‘logic of consequentiality’, but on the basis of a ‘logic of appropriateness’.

The same is assumed for organizations. In fact, the aim of the sociological institutionalist school is to explain why organizations adopt institutional forms, procedures and symbols, and how these practices are diffused. They use case studies which they consider have an intrinsic value, to achieve interpretive understanding of their outcome. Their claim is that organizations do not search for means-ends efficiency in the practices they choose to follow, but for enhancing their social legitimacy –even if such practices turn out to hinder the achievement of their goals. Thus, institutional change is conceptualized following the assumptions of the garbage can approach to decision making (Cohen, March and Olsen, 1972). Change is not the result of a rational design nor does it develop as a planned event. Instead, it is the product of the confluence of activities and opportunities for action. Institutions have in stock a repertoire of routinized responses to problems. These are solutions that are available when there emerges the need for adjustment either of the institution itself or its activities. But such solutions follow the ‘logic of appropriateness’, that is, they fall within the range of choices acceptable by the norms and values of the institution.

‘New institutionalisms’ in public management reform analyses

Historical institutionalism

In his article ‘Explaining cross-national variance in administrative reform: Autonomous versus instrumental bureaucracies’ (1999), Knill explicitly departs from the preceding NPM literature and its emphasis on uncovering divergent trends and similarities in reforms. Instead, he sets out to systematically accounting for cross-national variations in administrative change and stability. His aim is to provide insight for the evaluation and explanation of administrative change from a comparative perspective. In order to do so, he develops an analytical concept – national administrative reform capacity- for explaining cross-national variances in patterns of administrative development. Knill argues that, given a commitment by the political elite to do so, the potential for reforming different administrative systems is basically dependent on the general institutional context in which these systems are embedded –namely, the state tradition and the legal and political-administrative system.

The author builds two ideal type configurations of administrative reform capacity that identify with two models of administration –autonomous and instrumental. In an autonomous administration type, the general capacity for executive leadership is fragmented, the institutional entrenchment of administrative structures and procedures is high, and the influence of the bureaucracy on policy making is also high. By contrast, in an instrumental administration the general capacity for executive leadership is integrated, and the institutional entrenchment of administrative structures and procedures and the influence of the bureaucracy on policy making are both high.

To these types, Knill associates expected patterns of administrative changes: an autonomous model will render the capacity for administrative reform from outside low, and administrative change will tend to be restricted to incremental self-adaptations to environmental challenges by the bureaucracy; while in an instrumental model the potential to transform substantially existing administrative arrangements by deliberate political reform attempts will be high. In the former, adjustments will probably be incremental and piecemeal, in the latter they will likely be radical and comprehensive. He illustrates this with the comparison of the reform attempts experiences in Germany and Britain respectively. Thus the administrative capacity concept aims to capture the structural potential for administrative reform across countries. It allows to explain (not predict) the distinctive patterns of administrative developments in the face of external pressures.

From a similar perspective, Pollitt and Bouckaert’s book, Public management reform. A comparative analysis (2000) also aspires explicitly to overcome the lack of analytic and comparative approaches in the preceding NPM literature. Thus, among their numerous aims are expanding knowledge of reform and comparison to countries well beyond the Anglophone world, and integrating the study of public management reform with the
analysis of national political and administrative systems in order to better understand it. On this basis, they aim to define taxonomies of management reform so as to overcome the untheoretical and descriptive character of the literature so far.

The authors build a model for interpreting public management reform that tries to include all the variables and interactions that may have an influence in the initiation, development and results of the reform process. The model includes interactions among socio-economic influences, political pressures, and features of the administrative system, with room for both forces for and against change. It also includes intentional and unintentional influences, as well as feed back loops into leaders’ perceptions of what is desirable and feasible. However, among all the variables, they attribute a particularly important influence to the structural characteristics of the politico-administrative regime over the ideas that are taken up, the type of reforms that are therefore chosen, and the feasibility of their implementation. These features are: state structure, nature of the executive government, relationships between ministers and top bureaucrats, administrative culture, and channels of policy advice. Pollitt and Bouckaert argue that the particular constellations derived from these features make certain regimes be more prone to accept or to refuse NPM-type of reforms, and illustrate these expectations with empirical data on ten countries.

Being also sensitive to the role of different starting points and policy choices, the authors elaborate a taxonomy based on the different trajectories followed in the empirical cases chosen –namely, mantainers, modernizers, marketizers, and those who aim at a minimal state model. They interpret that beneath the wealth of country experiences, there are broad, consistent differences between groups of countries. They conclude that these differences are related to their type of politico-administrative regime.

Both Knill’s and Pollitt and Bouckaert’s works have a strong affinity to historical institutionalism. They conceptualize the relationship between institutions and individual behavior in very broad terms, Knill being closer to the ‘cultural approach’ and Pollitt and Bouckaert making some explicit concessions to the ‘calculus approach’. Without disregarding the impact of other variables, both works emphasize the central explanatory potential of historically inherited middle-level institutions. They focus on how they shape the interactions among key actors, and how they condition present and future administrative reform decisions and outcomes. In this respect, both works pursue a cross-national comparative strategy to build qualitative, probabilistic causal interpretations of historical dynamics.

Rational choice institutionalism

An example of rational choice institutionalism applied to the analysis of administrative and public management reforms is Oliver James’s The executive agency revolution in Whitehall (2003). James departs from the mainstream NPM literature by formulating explanation-oriented questions and designing an explicitly theory-driven research. He asks: ‘why did the executive agency reform occur?’ given the initial skepticism about its feasibility and its projected radical outcome; ‘how has the use of executive agencies developed in central government?’ given the little systemic assessment of the actual transformation achieved in terms of structures and working practices; and ‘have executive agencies improved the performance of central government?’ given the also little assessment carried out at the level of both individual organizations and the system as a whole.

The aim of James research is to evaluate two competing theories of government action for answering these questions: the public interest model and the bureau-shaping paradigm. His main focus is on the relationship between political elites and top civil service. The public interest perspective argues that the Next Steps reform was conceived and put forward by politicians on behalf of citizen, both as service users and tax payers to increase the value of their investment. As James states, ‘The [public interest] perspective views the reform as a fundamental change, with the outcomes improving the economy, productive efficiency and effectiveness of public services handled by individual executive agencies with beneficial effects on the systemic performance of central government’ (2003:9). By contrast the bureau-shaping perspective holds that it was top civil servants that designed and pushed forward the reform. Bureaucrats are depicted as self-utility maximizers who pursue a strategic adaptation to the efficiency concerns of the party and politicians in office. In fact, ‘the incentives facing
officials in individual executive agencies lead them to budget maximize, improving effectiveness but worsening economy and leaving productive efficiency unchanged. At the systemic level, as well as a deterioration of economy, executive agencies do not take into account the consequences of their activities on other executive agencies and departments that are not part of their own narrow performance regimes, setting up public sector externalities that damage central government systemic productive efficiency and effectiveness’ (2003:11).

His analysis confirms the hypothesis yield by the bureau-shaping perspective, as for both who were the main designers of the reform program and the expected organizational and systemic management and economic consequences. The evidence James uses covers different types of agencies and includes surveys concerning changes in budget, staffing and performance against targets, as well as a single-agency case study which is moreover based on interviews, and the analysis of internal and published documents.

In a similar vein as James work, Hood’s article, ‘Paradoxes of public-sector managerialism, old public management and public service bargains’ (2000), challenges what seems to be ‘universally acknowledged’ truths in the NPM literature, and turn them into contradictions or paradoxes that require explanation. These ‘truths’ are the globalization or internationalization of a new management paradigm for the public sector, the malade imaginaire, and the half-hearted managerialism. The apparent contradictions that they respectively involve are: the fact that diversity in public management persists across countries in spite of the globalizing trend, the fact that high scorers in public management reforms are countries whose public sector enjoyed comparatively the best reputation, and the fact that most of the ‘reformist’ states have been reluctant to fully increase the discretionary power of managers.

The author uses the concept of public service bargain to understand how politicians’ cost-benefit calculations over institutional arrangements could account for reform –that is, for shifts in the type of public service bargain. He defines public service bargain as ‘any implicit or explicit understanding between (senior) public servants and other actors in a political system over their duties and entitlements relating to responsibility, autonomy and political identity, and expressed in convention or formal law or a mixture of both’² (p.8). The focus of bargains on relations among actors puts emphasis on the choice situations they face –incentives and constraints-within specific structural and institutional context. Thus, the author uses a motive-opportunity analysis to explain why some public service systems are more susceptible to reform than others. To this end, Hood builds a typology of three kinds of public service bargains, which he then compares on the bases of the costs³ each of them involve for politicians. The Schaffarian (Whitehall-like) bargain scores high on commitment and uncertainty costs, and variable on agency costs. The hybrid bargain also scores high on commitment and uncertainty costs, but medium in agency costs. And the managerial bargain scores variable on commitment and uncertainty costs and high on agency costs.

As for the variety in patterns of reforms, he concludes that they can largely be explained by the public service bargain each country historically inherited, and, most importantly, by the strategic cost-benefit calculus politicians made in relation to shifting to other kinds of bargain. As for the malade imaginaire, structural reforms were triggered by a coincidence of motive and opportunity. Motives involve politicians trying to counteract perceived high agency costs by increasing their control over bureaucracy, and opportunity involves bargains that are structurally susceptible to change. As for half-hearted managerialism, he concludes that it can be explained either by politicians desires to correct unintended loss of control over implementation.

Both James’s and Hood’s works fit within the rational choice institutionalist approach. They both start from the calculus-driven behavioral assumptions proposed by this school. Bureaucrats in the former and politicians in the latter are supposed to have fixed preferences and act in the pursuit of self-utility maximization, and in both cases they strategically adapt to the institutional rules in place. Both works use static case experiments with and aim at explaining and eventually building generalizations.

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² Italics in the original.
³ The costs typology Hood uses is borrowed from Horn (1995): commitment costs are those of maintaining policy beyond the mandate of a governing coalition, uncertainty costs are those of liability for policy errors unexpected effects, and agency costs are those of preventing bureaucratic drift and keeping civil servants under control.
Sociological institutionalism

Sahlin-Andersson’s analysis of “National, international and transnational constructions of new public management” (2001) also questions some characteristics of the NPM literature. “Even though accounts of NPM normally portray the trend as one with extensive international and transnational elements, explanations for the extent, shape and effects of reforming are generally sought on the national level. [...] NPM is for the most part internationally and transnationally formed [...]. In addition to similarities and differences in national context, we may also find reasons for similarities and differences between reforms as we follow the spread of NPM and find out how and why reform ideas have been circulated and mediated between countries” (Sahlin-Andersson, 2001:44).

Thus, explaining similarities and differences between countries within internationally formed trends requires looking at how countries imitate and learn from each other and how ideas are reformulated as they travel from one country to another. Political and bureaucratic reformers do not act in isolated national contexts, but interact in several ways with their counterparts in other countries. As in other processes of imitation, actors tend to imitate those reforms perceived as more successful or well-known, as well as those countries they identify with – mostly in cultural but also in socio-economic terms. Similarly, explaining similarities and differences between countries within transnationally formed trends requires analyzing how reforms are reflected and constructed by the network of mediators of ideas –such as researchers, international organizations, consultants, the media. Mediators form templates (concepts and criteria used to present, compare and assess reforms) and prototypes (normative models or examples) which, despite being inspired in country-specific experiences, are packaged outside national contexts. Precisely this detachment from country and party-specific contexts helps prototypes become a legitimating argument for national leaders to follow a trend, even in the absence of a perceived compelling need to do so –that is, even in the absence of an explicit internal demand to do so, or even an objectively contrasted need to improve efficiency or effectiveness or their public sector.

Following evidence on the dynamics of imitation and the diffusion of NPM templates and prototypes, Sahlin-Andersson concludes that the origin and spread of these ideas is explained by the need international organizations have to maintain their legitimacy and yield results in order to attract resources and support –namely, to survive. In sum, adopting reform measures has not derived from objectively defined needs, but from induced perceptions of what is appropriate, following a process of diffusion of ideas. The widespread perceptions of uncertainty about experiences, goals and activities –such as those that have characterized the public sector since the late seventies, have led country leaders to imitation.

Also focused on the role of ideas is Capano’s article ‘Administrative traditions and policy change: When policy paradigms matter. The case of Italian administrative reform during the 1990s’ (2003). Capano argues that ‘the content of policy changes is strictly related to the specific configuration of institutions, interests and ideas inherent to a given policy sector, and that within this context, the features of the articulation of normative and cognitive elements can determine the mechanisms of resistance, adaptation and/or transformation that constitute the reaction to such external pressures’ (p. 782). He relies on research evidence that public organizations develop on the lines of evolutionary rather than revolutionary processes, thereby institutionalizing a specific set of values and operative standards. Thus he assumes that the cultural variable –that is, ideational, cognitive and normative factors- is essential to understand variations in administrative reform experiences, and most notably, their evolutionary or revolutionary nature.

In order to operationalize this variable, he uses the concept of policy paradigm, defined as a series of beliefs and policy ideas (cultural frameworks) that policy makers have with reference to: a) fundamental normative and ontological values, which underlie both individual and collective identities, and which determine the definition of problems and objectives; b) causal theories that are the basis for defining strategies for action; and c) sector-specific public policy instruments. However, a change of administrative paradigm, Capano argues, will depend on the presence of an alternative paradigm which is moreover supported by a legitimized network of actors. Otherwise, the old paradigm will most probably self-adapt to external pressures through the re-elaboration of some marginal aspects.
The author relies on these assumptions and concepts for the analysis of public management policy reform in Italy in the 1990s. His conclusions confirm his expectations that the hegemonic legalistic administration paradigm survived with some marginal redefinitions of strategies and instruments. This was the result, on the one hand, of the high degree of social and legal legitimization of both the paradigm itself and the network that supports it (jurists), and, on the other hand, of the lack of visibility and legitimization of an alternative paradigm and corresponding network from other disciplines of knowledge.

Both Sahlin-Andersson’s and Capano’s works show a strong affinity to the sociological institutionalist approach. Both of them are interested in how ideas about institutional forms and procedures travel across nations and how they become accepted or refused. In both cases, policy decisions made by politicians about institutional reforms are assumed to be strongly conditioned by a ‘logic of appropriateness’ and the need to make them fit within what is perceived as being legitimate in specific cultural contexts. In this respect, institutions are conceived of as normative and cognitive adaptations to the evolution of the environment. Both authors search for an interpretive understanding of the cases chosen.

In view of these works, it seems reasonable to think that ‘new institutionalism’ –in its three variants- could stabilize as the prevailing framework for the analysis of public management reform, particularly in Europe.

THE ‘INSTITUTIONAL PROCESSUALISM’ APPROACH IN THE STUDY OF PUBLIC MANAGEMENT REFORMS

Also within political science, another line of research on public management reforms has recently developed outside the ‘new institutionalist’ framework. The authors writing within this approach argue that the existing NPM literature lacks a policy perspective. The concept of NPM, they argue, adequately describes large-scale, country-specific changes in public management policy tools and practices. However, it is less suited to understanding the process dynamics of policy change, and therefore, of public management policy reform. By conceptualizing institutional reform as public policy (March and Olsen 1989) they focus on the process dynamics of policy making in order to understand and explain public management reform case outcomes. Thus, a different label could best apply to identify this approach: ‘institutional processualism’. ‘Institutional processualism’ has already been used in comparative analysis of public management reform (Barzelay 2001, Barzelay and Fuechtner 2002, International Public Management Journal 6(3) [Special Issue]), having led to some feedback commentary. In this section we will first review some of these works, in order to next introduce the main defining properties of ‘institutional processualism’, and end with the statement of the intellectual motivation that was behind the development of this approach.

‘Institutional processualism’ in public management reform analyses

In his book The new public management. Improving research and dialogue (2001) Barzelay first argues that the NPM literature in general, and the NPM empirical research literature in particular, could be improved by shifting to a political science perspective. In this respect, he aims to apply a policymaking focus to the analysis of public management reform in order to explain (rather than describe or evaluate) public management policy choices on a comparative basis4. To this end, he develops a research design for the comparative analysis of policy management policy change. His theoretical framework builds on processual models of public policymaking (Kingdon 1995, Baumgartner and Jones 1993), organizational learning (Levitt and March 1990) and methods of

4 A secondary aim of his book is to improve NPM literature in its argumentation strand. To this end, he develops argumentation guidelines for developing the potential for a genuine interdisciplinary dialogue about what-to-do ideas for the improvement of public management. The proposal he develops is based on a formal model that includes: discussing the claims (formulate one’s point of view as clearly as possible so that it is open to critical discussion), discussing the warrants and presumptions (be clear about one’s view points), and explicate the informal logic (explain key points of rational and inference).
comparative case analysis (Ragin 1987). The explanation results from the dialogue between these theoretical ideas and empirical case evidence existing in the literature.

Barzelay’s conclusions show how comprehensive public management policy change is explained by a sequence of disequilibrium and partial equilibrium in the public management policymaking process. He identifies the factors that lead to the emergence of both situations and their concatenation. The explanation lies on the interlinkage between policy entrepreneurs’ beliefs and efforts on the one hand, and the contextual opportunities. This analysis requires a special emphasis on the dynamic configuration of the policy subsystem, the policy domain structure and the issue image throughout the policymaking process. Comparison, in contrast to single case studies, allows him to formulate generalizations, that is, statements about the configuration of factors that, from a process perspective, influence the occurrence of comprehensive public management reforms.

The comparative study ‘Introduction. The process dynamics of public management policy making’ by Barzelay (2003) in the Special Issue of the *International Public Management Journal* 6(3), builds on the six country analysis presented in the volume to formulate the following research questions: How did public management policy change happen?, How can change be explained by the operation of social processes and mechanism?, and How can the operation of processes and mechanisms be explained by (contingent) process context factors? The design of the six country studies was intended to make them comparable: each explores similar research questions about similarly defined experiences in Brazil, Germany, Mexico, Spain, Thailand and the United States. They each focus on the emergence of public management policy issues and analyze the development of the corresponding policy cycles. The cases analyzed differ across a variety of factors: issue image, the efforts of policy entrepreneurs, stable context factors, and the context in motion. By using a common theoretical framework they intend to understand the causal sources of policy change and explain the trajectories and outcomes of the selected episodes of public management policy making. The aim of Barzelay’s comparative piece is to produce satisfying explanations of analytically significant similarities and differences among cases, so as to attain a robust process understanding of public management policy making.

The research design used in the country studies and in their comparison is broadly patterned on Kingdon’s (1995) work, and is complemented with concepts borrowed from other relevant works by other authors on public policy and organizational studies. This analytical approach draws on the concept of policy cycle to systematically examine the policymaking process. In this research, the type is the process of public management policy making and the particular is an experience or slice of history. Each country experience contains an episode, where one or more public management issues were on the governmental agenda. Each episode contains the analytically defined events of agenda setting, alternative specification and decision making. Observations about the episode trajectories and outcomes are explained by using a common conception of causal processes, mechanisms and context factors at play in public policy making process.

The main conclusions of this comparative study show the importance of political leadership and policy entrepreneurship, together with social mechanisms such as the logic of appropriateness, policy learning, actor certification, and attribution of opportunity. They also emphasize the relevance of the design of the processes of policy formulation and development. For example, Barzelay concludes that heads of government exercise unparalleled influence on the inclusion of public management policy issues on the agenda, and that such decisions are usually made during the immediate postelection period of forming governments. Their influence over the issue formulation is less direct and determining –mainly choosing those responsible for it, and who will eventually leave their imprint on the specific issue formulation. The status of the public management issue changes throughout the policy making episode, depending on factors such as their linkage to other issues, the evolution of the alternative specification process, changes in the political stream, the interest of top-level executives, or policy interference effects. The modes of alternative specification process vary in the intensity and time scale of efforts, with relevant impacts on issue momentum. Last, the dynamics of decision making depend on

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whether public management policy reform requires legislation and whether political leaders are risk averse towards the consequences of engaging on this process.

The ‘institutional processualism’

‘Institutional processualism’ is interested in understanding the process dynamics of public policy making in any policy domain. It derives from a tradition of theoretical and empirical inquiry about collective choice making both in single organizations and in broader institutional settings. The main research question is how opportunities for policy change emerge and are exploited by individual and collective action. In order to answer this question, research will have to look into what triggers changes in beliefs about collective problems (how conditions come to be defined and or/redefined as problems), and potential solutions (how they are identified, formulated and eventually accepted). It will also explore how efforts are mobilized to accelerate the momentum of policy issues and how issues are framed, how decision makers become committed to such issues, and how conflict among decision makers concerning alternative policy measures are resolved. Thus, developing a process understanding of policy making involves institutional analysis, but the focus is on leadership and entrepreneurship, as well as on creativity in politics.

In this approach research is comparative, and is case-oriented instead of variable oriented. Cases are episodes defined in terms of experiences or slices of history, not entities such as organizations or countries. An experience or slice of history contains an episode, which is defined by the career of one or more issues throughout a policy cycle. Episodes are, therefore, comprised of analytically defined events –agenda setting, alternative specification and decision making. This allows for systematically analyzing the policy making process: a) agenda setting events influence alternative specification events (through issue framing and the assignment of issues to specific venues for alternative specification, and by triggering efforts of participants in alternative specification), and b) both agenda setting and alternative specification events influence the trajectory and outcome of decision making events.

The parts of an episode include: action or efforts by actors, situation in motion, context (stable and in motion aspects), and trajectories or sequences of events. Actors are those having an influence on the issue career within the episode—they may be political and executive leaders, policy entrepreneurs, counter-entrepreneurs, or people doing their job. The sources of policy entrepreneurs’ efforts are analyzed within the logic of appropriateness schema (March, Olsen, Cohen 1972), according to which action derives from the interpretive relation between identity and situation. Thus, several conceptual entities belonging to the policymaking process are analyzed, such as efforts, individual and specialized bodies’ agendas, and perceptions and interpretations of situations. Stable context factors refer to the institutional configuration of government in general (including the relations among different branches of government), and of executive government in particular. Motion aspects include aspects such as public mood, interparty competition, attention-grabbing incidents, or developments in other policy domains.

Cases are narrated, that is, narrative history is an account of an episode, and is also a means to satisfy defining cases as episodes and being case-oriented instead of variable-oriented. Analytic narrative then selects relevant events (what is worth explaining) and uses theory concepts to develop an explanatory argument (Abbott 2001, Abell 1992, McAdam, Tarrow and Tilly 2001). Therefore, the means used to compare is analytic narrative, and social mechanisms are the means used to analyze (McAdam, Tarrow and Tilly 2001). In this respect, social mechanisms are employed as interpretations of causal linkages between any two parts of an episode, thereby providing the linkage between context factors and the trajectory of the policymaking process. Social mechanisms may be activated by any aspect of the episode, either action or context, and they could include, for example, focusing events or spillovers. Any change in context is conceptualized as a contingency. A process is the way in which an episode is described, and cases are episodes which are described on the basis of mechanisms. The function of social mechanisms is to help generalize about process dynamics, which is the objective of this research program. The aim is to attain generalizations about process dynamics of policy change and stability in a given policy domain and time period. Generalizations are the basis of explanation and or further theory building.
The following diagram shows the stages in the process of analysis and the products expected from each stage:

<table>
<thead>
<tr>
<th>Product:</th>
<th>materials</th>
<th>ordinary narrative history (cases)</th>
<th>analytic narrative (cases)</th>
<th>generalizations about process dynamics</th>
</tr>
</thead>
</table>

Process: Collect----------Narrate----------abstract--------compare data

**Why develop a process approach?**

The motivation behind the development of a process-oriented research program is the realization that ‘new institutionalism’ does not view public management reform through the prism of policy making. The reason is that ‘new institutionalism’ builds on an implicit definition of politics as power, and this is a limitation to understanding policy-making as a process. Historical institutionalism focuses on inherited formal institutions and policy paths, and it deals with power from an institutional perspective. Rational choice institutionalism focuses on action and strategic adaptation to rules, and it deals with power from an action perspective. Sociological institutionalism focuses on beliefs, values and identity, and it deals with power from a normative and cognitive perspective.

However, there is an alternative definition of politics: politics as a creative, intelligent, interpretive activity, which helps understand the process dimension of policy making. This definition of politics has best been developed in the American political science tradition (Heclo 1974, Lindblom 1980, Derthick 1979, Kingdon 1995). The focus is on the dynamics of change. Thus, policy choices are conceptualized as collective decisions that result from the mutual adjustment of numerous actors, who play differentiated roles, and who interact in different institutional venues, responding to a flow of contextual events. The roles of leadership and entrepreneurship are central to this definition of politics as a creative activity and are necessarily analyzed in permanent linkage to institutional and contextual factors.

A process orientation is desirable to explore and understand how action and context aspects actually influence each other, that is, to analyze how such interactional field works. In order to do this we need to abandon a research design structured on the basis of variables, which tend to provide causal explanations in an implicitly probabilistic mode. A process approach is interested in uncovering how structural and agency factors actually exert the influence they are attributed in other approaches. Moreover, a process orientation is more suitable to understand action and its consequences than other configurations of research design. As we will see, this is close to rational choice institutionalism ontology, but process orientation differs from it in that action is considered as emergent from interaction among people, rather than chosen, and as embedded in a process.

In sum, ‘institutional processualism’ shows coherence between its substantive interests, that is, leadership and the use of intelligence and creativity in politics, and the use of methods, that is, comparison of analytic narratives to produce generalizations.

**SIMILARITIES AND DIFFERENCES BETWEEN ‘NEW INSTITUTIONALISMS’ AND ‘INSTITUTIONAL PROCESSUALISM’**

Looking at emblematic ‘new institutionalist’ works from the approach of ‘institutional processualism’ reveals some questions about both substantive research interest and method concerning these studies. In this section we will first exemplify these questions by referring to three of the studies already reviewed above, which identify with each of the three ‘new institutionalist’ schools. Next, we will argue that there are some similarities and substantial differences between ‘new institutionalism’ and ‘institutional processualism’ that justify conceptualizing them as two different approaches within political science.
‘New institutionalist’ studies: missing the process dimension

Within the coordinates of ‘historical institutionalism’, Knill’s article makes the argument that, given a commitment by politicians to reform, the type of administration inherited –autonomous or instrumental- will condition the higher or lower administrative reform capacity of a country and, therefore, the potential for change. His illustration of this argument with the cases of Germany and Britain is based on the description of their administrations –with high affinity to the autonomous and the instrumental models respectively-, and the observation that Germany has experienced little administrative change, while Britain has undergone profound changes. He concludes that the different structural potential derived from the different models of administration explains the patterns of administrative development.

However, this data only show a coincidence in two countries, at a particular point in time, between a specific (long standing) administrative configuration and a specific extent of recent administrative reforms. But this is no evidence that the former explains the latter. Knill argues that the type of administration determines the structural potential for administrative change. Behind this assertion there is an implicitly assumed probabilistic relation between two variables –namely, politicians’ commitment to reform and the model of administration. However, his analysis does not reveal how action relates to the structure and vice versa, rather it assumes that the former depends on the latter. As there is no narration of the dynamic details of the two countries experiences when facing pressures for reform, there is no causal story that reveals the actual linkages between action and institutional context. Through which social mechanisms and processes does a specific administrative configuration exert its assumed impact on the efforts of policy entrepreneurs? With Knill’s research design we cannot answer this question.

As an exemplar of ‘rational choice institutionalism’, James’s study on the Next Steps program focus on the self-interested, strategic action component of politics and policy. His analysis confirms the hypothesis he derived from the bureau-shaping model, by which top bureaucrats emerge as the designers of the new agency model in (a strategic) answer to the efficiency concerns of the party politicians in office. His conclusions also confirm the expected organizational and systemic management and economic consequences of adopting the agency model.

However, the data collected do not show evidence of how the interaction between politicians and bureaucrats actually developed, nor do it show through what mechanisms and processes did each adopt the role they supposedly did. This analysis does not explain how entrepreneurs’ actions interacted with both stable and contextual elements, rather, the impression is that of a static experiment. The study does not explore how the feedback loop between action-belief-action actually worked, either. In fact, there seem to be no room for beliefs and ideas –only for exogenously fixed preferences and interests.

Showing a strong affinity to ‘sociological institutionalism’ Sahlin-Andersson claims that in order to understand cross-national similarities and differences in public management reforms it is necessary to look beyond differences in national context and find out how and why reform ideas have been circulated and mediated between countries. Particularly, there is a need to explain why and how countries imitate and learn from one another. He concludes that the way in which actual reform experiences are (re)formulated into templates and prototypes by mediators, turns ideas into legitimating tools for reforms. Thus, initiatives of reforms may be interpreted not as the answer to objectively defined needs but as a way to enhance legitimacy in the eyes of the public.

However, if this is the role of ideas, a high degree of homogeneity should be expected across nations –which, has widely been shown not to be the case. Therefore, how can we explain differences in patterns of public management policy reform? This research design does not leave any room for agency capacity, for leadership, or for politics as a creative activity. In policy making this action aspect is important, because it conditions both the framing of issues, and the process of alternative specification. I should be necessary to provide a detailed account of how internationally or transnationally formulated ideas are actually considered by policy entrepreneurs to mold their actions. But to this end, an analytical focus on process would be required.

Comparing ‘new institutionalism’ and ‘institutional processualism’

‘New institutionalist’ and ‘institutional processualist’ research on public management reform share some
similarities: both are interested in stability and change in public management policy, both define the same dependent variable (public management reform), they are both interested in how institutions influence this dependent variable, and both are descriptive and analytical rather than prescriptive.

However, there are also differences that justify identifying them as different approaches within political science. In the ‘processual institutionalist’ approach there is a concurrence of: a comparative design and research program, a conceptualization of cases as episodes and not entities, and a case-orientation instead of variable-orientation in the research design. By contrast, ‘new institutionalism’ is mostly comparative but not all the works following this approach are. It conceptualizes cases as entities, and it is variable-oriented in its research design. Thus they focus on fixed entities (usually countries) and variable properties and its preferred explanatory strategy is based on the relations among variations in properties of entities so as to explain the impact of variables. Although ‘institutional processualism’ is concerned with the impact of institutions, this concern is attenuated by the interest in other influences on the dependent variable (action/efforts, situation in motion and both stable and dynamic context), which is a requirement of being process-oriented. Also, its way of accounting for the dependent variable, as it is done with the six cases studied in the Special Issue of the *International Public Management Journal* reviewed above, is by systematically comparing the analytic narrative of episodes, on the basis of a theoretical framework of processual analysis. That is, the preferred explanatory strategy is based on social mechanisms, thereby specifying causal linkages among aspects of episodes. Last, ‘new institutionalists’ may use multiple empirical work or none at all, but they do use some historiography, while ‘institutional processualists’ always use case studies of episodes in an historiographic way. The table below summarizes these differences.

TABLE 1. Differences between ‘new institutionalism’ and ‘institutional processualism’

<table>
<thead>
<tr>
<th></th>
<th>New institutionalism</th>
<th>Institutional processualism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ontology</strong></td>
<td>Fixed entities, variable properties</td>
<td>Episodes, process, situation, efforts, context</td>
</tr>
<tr>
<td><strong>Explanatory strategy</strong></td>
<td>Relations among (variations in properties of) entities</td>
<td>Mechanisms, specifying causal linkages among aspects of episodes</td>
</tr>
<tr>
<td><strong>Empirical work</strong></td>
<td>Multiple- none, but some historiography</td>
<td>Case studies of episodes (historiography)</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

‘Institutional processualism’ combines the best of the three of them by integrating action and process. This approach does not have the social theory bias of the ‘new institutionalist’ schools, thus, the theory of action underlying the process analysis will depend on how mechanisms are constructed. In this respect, is shares with ‘historical institutionalism’ that both the ‘rational’ and the ‘cultural’ approaches may be used when accounting for the relation between institutions and individual behavior. ‘Institutional processualism’ differs from ‘new institutionalism’ in the form of explanation, by being process-oriented instead of variable-oriented. However, this is valid for ‘historical institutionalism’ and for ‘sociological institutionalism’, as most works within the ‘rational choice institutionalist’ school are process-centered, though they use a different kind of narrative. In fact, according to Abbott (2001), the real contrast is narrative versus variable. In order to analyze process, it is necessary to narrate episodes –using both historic and analytic narrative.

‘Institutional processualism’ also shows some specific differences with each ‘new institutionalist’ school. As ‘rational choice institutionalism’, ‘institutional processualism’ focuses on action, but defines action as emergent from the interrelation among actors (instead of action as chosen or strategic), assumes a logic of appropriateness (instead of logic of consequentiality), and puts more emphasis on context factors (particularly context in motion). Both approaches simplify episodes into description of processes, but using different kinds of narratives (Bates et al. 1998). What rational choice does not do is to take into account the action-belief-action mechanism. As
'historical institutionalism', 'institutional processualism' takes into account how action is conditioned by institutions and ideas, but institutions are taken as a (stable) contextual element. While 'historical institutionalism' search for the impact of institutions on policy choices, 'institutional processualism' is interested in the interrelation between action, situation, and context in order to provide a process-based causal story. 'Historical institutionalism' does not focus on process, this is the reason why there is no causal story, but a probabilistic assumption of variables influences. As 'sociological institutionalism', 'institutional processualism' assumes the logic of appropriateness to understand behavior, but explicitly focuses on action and process.

‘Institutional processualism’ may supplement (or replace) the way ‘new institutionalism’ analyses public management reform. The strength of ‘new institutionalism’ is the understanding of decisional stages, with a particular focus on the impact of veto points. The strength of ‘institutional processualism’ is the understanding of how predecisional stages influence choices. This latter approach is at least as good as ‘new institutionalism’ (or maybe superior) and may be extrapolated to other research areas.

CONCLUSION: AN ASSESSMENT OF ‘NEW INSTITUTIONALISM’ FROM A PROCESSUAL APPROACH

Assessing ‘new institutionalism’ from a processual approach involves answering the three issues this papers has tried to develop through the preceding sections. The first issue was: How do you attain generalizations about process dynamics of public management reforms that are sensitive to the institutional context? The analysis presented here shows that focusing on process is relevant to understand policy change. Change is not the result of variable characteristics by themselves, but of the actual linkages and interactions between them, and this is what a process analysis can capture. Analyzing process requires narrating the details of cases, both historically and analytically, on the basis of social mechanisms –that is, linkages between the parts of episodes- and within the coordinates of theory. This is what allows comparison and the formulation of generalizations. ‘New institutionalism’ is not interested in process, and in the cases it is, such as in some rational choice analyses, its research design does not combine simultaneously comparison, the definition of cases as episodes instead of entities, and case-orientation instead of variable-orientation.

The second issue: How do we get insight into the aspects of public management reforms that involve leadership, learning from experience, creativity in the formulation of substantive policy areas? The discussion presented in this paper reveals that each of the three schools of ‘new institutionalism’ is ill-suited to provide insight into leadership, learning from experience, and creativity and intelligence in the formulation of substantive policy areas. This concern is relevant because these issues play important roles in public management policy reform experiences. The aim of the three ‘new institutionalisms’ is to identify the effect of institutions on stability and change in policy choices, but they all miss politics as the creative activity that mediates between them both.

Looking at the three ‘new institutionalist’ schools as exemplified by the emblematic works by Knill, James and Sahlin-Andersson reviewed in the previous section, there are other limitations. ‘Rational choice institutionalism’ does not say anything about identities, they are not considered as problematic, as preferences are conceptualized as fixed exogenously to the choice situation –namely, the context. Moreover, the feedback interaction between belief-action-belief is not central to their dynamics, while this aspect has an important impact on alternative generation and, therefore, in a process understanding of policymaking. In ‘sociological institutionalism’ there seems to be no room for individual agency capacity, therefore, it makes it hard to account for variety in case outcomes, and difficult to think of somebody coming up with something new. This is relevant because the ‘framing of issues’ conditions the alternatives that are eventually generated in a policymaking process. It is hard to see how you get variety in frames, alternatives and choices. In ‘historical institutionalism’ the dependent variable is not measured –which is a necessary requirement in a variable-oriented research program as the one that characterizes this school. Instead, authors writing within this school use stylized facts and ideal types in their hypotheses. As a consequence, the causal relation between institutions and policy stability and change may not be any clearer than in a variable, statistical-oriented research. The research design is the same, but ‘historical institutionalists’ use a qualitative methodology. They fail to map out the interrelations between the variables they choose to include in their account. For example, Knill conceptualizes the variable bureaucracy as a
'collective actor', but he does not map out how this variable exerts its influence over the others, because the case is not described in detail. There is an implicit presupposition that large causes have large effects, but small causes may have big effects (Abbott 2001).

The third issue was: Should the pattern of methodological commitments evident in the field at this point be cast as an opposition between 'new institutionalism' and an alternative label –namely, 'institutional processualism'? As long as 'new institutionalism' –however heterogeneous the schools carrying these labels are– and 'institutional processualism' show both different substantive interests and, accordingly, different research designs, it could be argued that they require different labels. Beyond that, a debate between these approaches is needed to make scientific research advance. The question is whether 'institutional processualism' overcomes some of the limitations identified in 'new institutionalism'. This paper has tried to show it does, because focusing on process is a necessary requirement to understand and explain the relation between politics and policy.

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**CONTACT DETAILS**

Dr. Raquel Gallego
Departament de Ciència Política i Dret Públic
Universitat Autònoma de Barcelona
Edifici B
08193 Bellaterra
Spain
raquel.gallego@uab.es

Dr. Michael Barzelay
Interdisciplinary Institute of Management
London School of Economics and Political Science
London WC2A 2AE
United Kingdom
m.barzelay@lse.ac.uk