

Territorial management and Institutions

A useful framework for practices

Matteo Bocci

Rio de Janeiro: a reinvenção do futuro das grandes metrópoles

12 de abril de 2007

Why Institutions matter?

Problem-solving AND Problem-setting

- **Economic (and political) models are specific to** particular constellations of **institutional constraints** that vary radically both through time and cross sectionally in different economies. [...] A self-conscious awareness of these constraints is essential.
(North , p. 110)
- The **incentives embedded in the institutional framework direct the process of learning by doing** and the development of tacit knowledge (Polanyi) that will lead individuals in decision-making processes to evolve gradually to systems that are different from the ones they had to begin with.
(ibid., p. 81)
- **Institutional frameworks evolve** to permits the complex impersonal exchange necessary to political stability and to capture the potential economic gains [...] personalistic relationships are still the key to much of the political and economic constraints [...].
(ibid., p. 117)

What will be presented?

1. Provision of a general framework (*Hood, 1998*)

- Economic (and political) models are specific to particular constellations of institutional constraints that vary radically both through time and cross sectionally in different economies. [...] A **self-conscious awareness of these constraints is essential**.

2. Introduction to organizational learning (*Wenger, 1998*)

- The incentives embedded in the institutional framework direct the process of learning by doing and the **development of tacit knowledge** (Polanyi) that will lead individuals in decision-making processes to evolve gradually to systems that are different from the ones they had to begin with

3. Theories for practice for local agents

- Institutional **frameworks evolve** to permits the complex impersonal exchange necessary to political stability and to capture the potential economic gains [...] personalistic relationships are still the key to much of the political and economic constraints

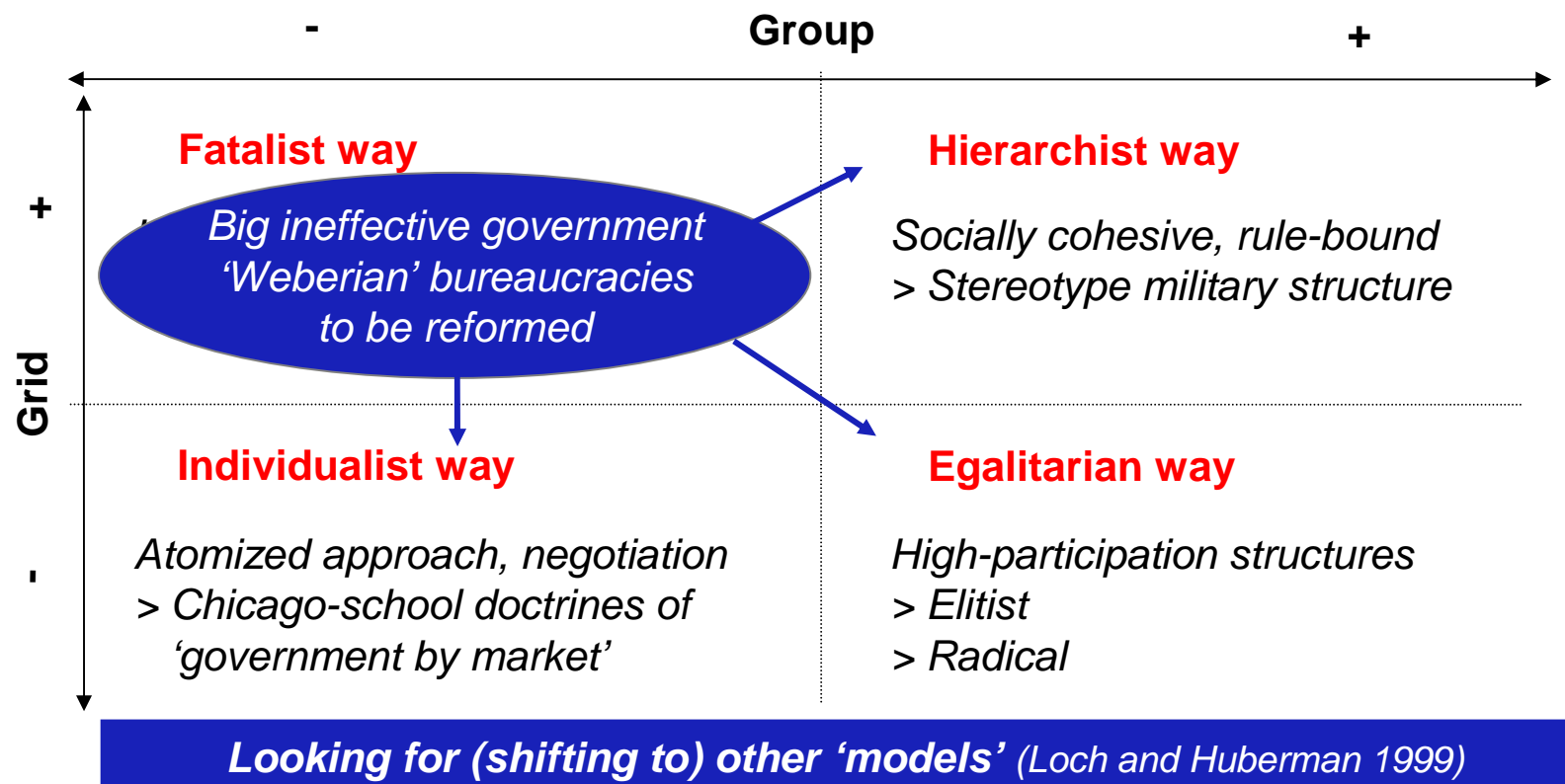
Hood, C. (1998) The Art of the State

Wenger, E. (1998) Communities of Practice: Learning, Meaning, and Identity

1. Provision of a general framework (Hood, 1998)

Group-grid cultural theory

- a form of analysis that aims to capture the diversity of human preferences about 'ways of life'
- it relates those preferences to different possible styles of organizations
- each of those styles has its advantages and disadvantages but is in some ways 'viable'



The emerging trend of “agencification”

The **World Association of Investment Promotion Agencies (WAIPA)** was established in 1995 and is registered as a non-governmental organization (NGO) in Geneva, Switzerland. The Association currently has about 191 member agencies from all over the world.

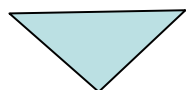


Two “extremes” in a *continuum* of solutions

England



- *Differentiated from the Ministry*
- *Focused on “operations”*
- *Has managerial autonomy*
- *Operate through contracts*

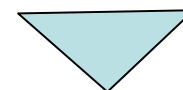


“The Agency”

Sweden



- *Part of the Ministry but autonomous*
- *A mix of “policy” and “operations”*
- *Mix of professional and operators*
- *Complex accountability structures (internal & external)*



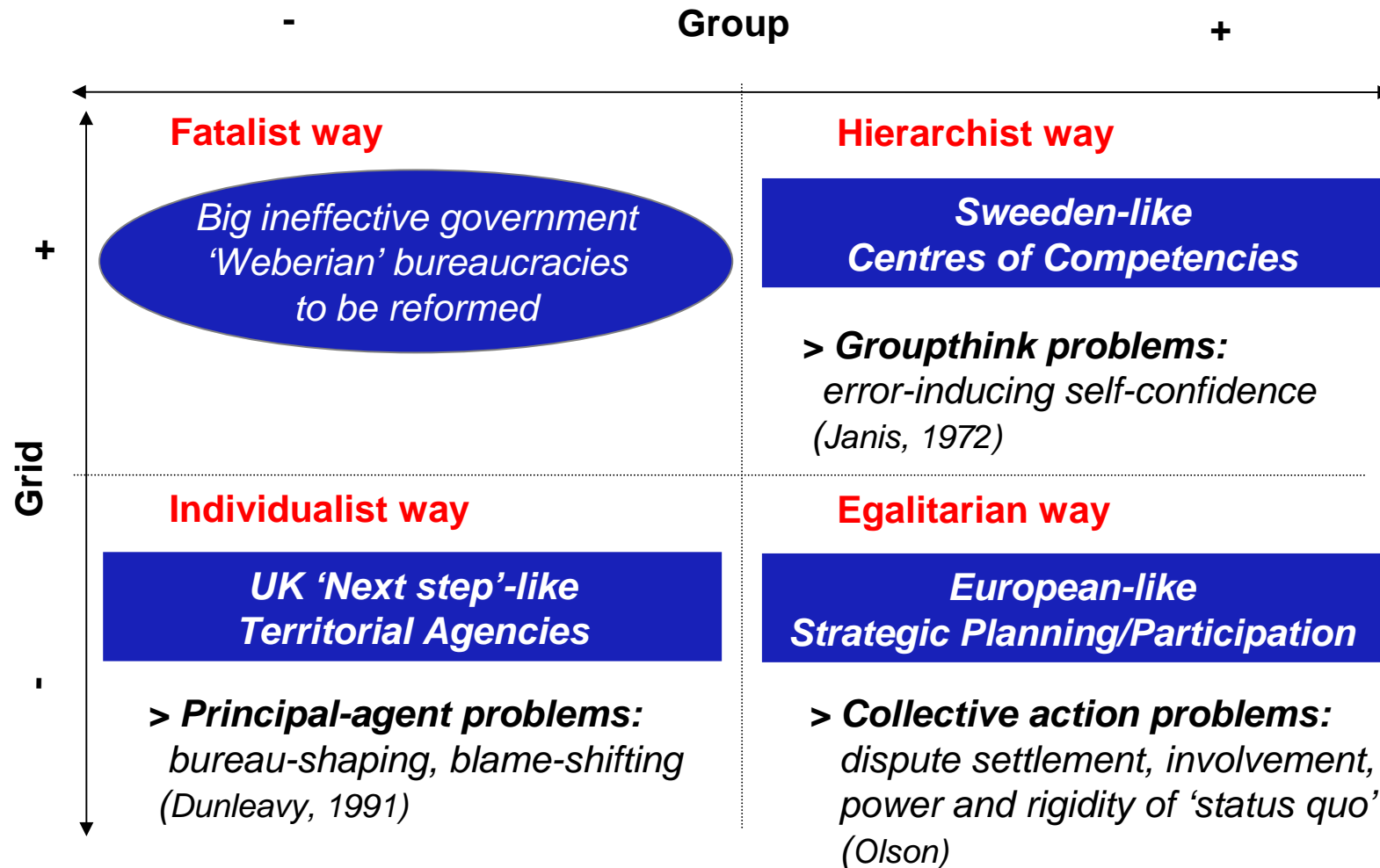
“The Centre of Competency”

The spreading of strategic planning and “strategic cities”



Strategic Cities - Europe

Back to the general framework



It is relevant to comprehend both historic dynamics and 'social mechanisms' (enabling and preventing), in order to prevent potential 'institutional fiascos'.

'Fatal mixture' of fatalist and egalitarians types

The Fatalist Institutions

Potential constraint of large bureaucracies and institutions

- People whose work is highly regulated in some way but do their job in relative isolation
- Ways emerge of reacting against management-imposed rules by 'fiddles' and sabotages

Lack of trust and collective loyalty

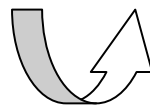
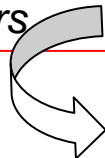
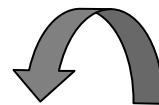
In fatalist society public management will be narrowly bureaucratic and 'statist' because paid officials will be insulated from civil society (Banfield 1958; Putnam 1990)

Public cynicism about motives and honesty of public officials and general distrust of others

No incentives for public officeholders to be accountable

Segregation of civil society and ***institutional insulation***

Lack of effective checks on public officeholders



Strengths and weaknesses of *elites*

Strengths

- When (formal) Institutions are insulated from society, **social interaction plays a key-role**
- Third Italy represents an “**interplay** between local SMEs dynamism and overall institutional disorder” (*Trigilia*)

Weaknesses

- Personalistic relationships can **emerge as a limit in the mid-long term** (*North*)
- Elites-egalitarian coalitions “may simply wish to **preserve acquired privileges**” (*Hood*)
- Prevention to change can be **explicit or through unconscious *mechanisms* (insulation)**
- Such *mechanism* can **activate others leading to *fiascos*** in each Institutional type
- Also, Institutions can **bureaucratically implement new process** to legitimate their action

Relevance of the concept of ‘social capital’

- **Mobilizing social capital as a way to break resistances** of social coalitions
- Nor as ‘mere’ associationism as in Putnam, neither trust as in Fukuyama (*Bagnasco*)
- Instead a source “lodged neither in individual nor in physical implements of productions, but **inherent in the structure of relations between and among persons**” (*Coleman*)
- Feature of **social structure that can be used by actors as a source** for their aims
- Action paradigm: **new relations among actors or new ways** to perform old ones (*Piselli*)

2. Introduction to organizational learning (*Wenger, 1998*)

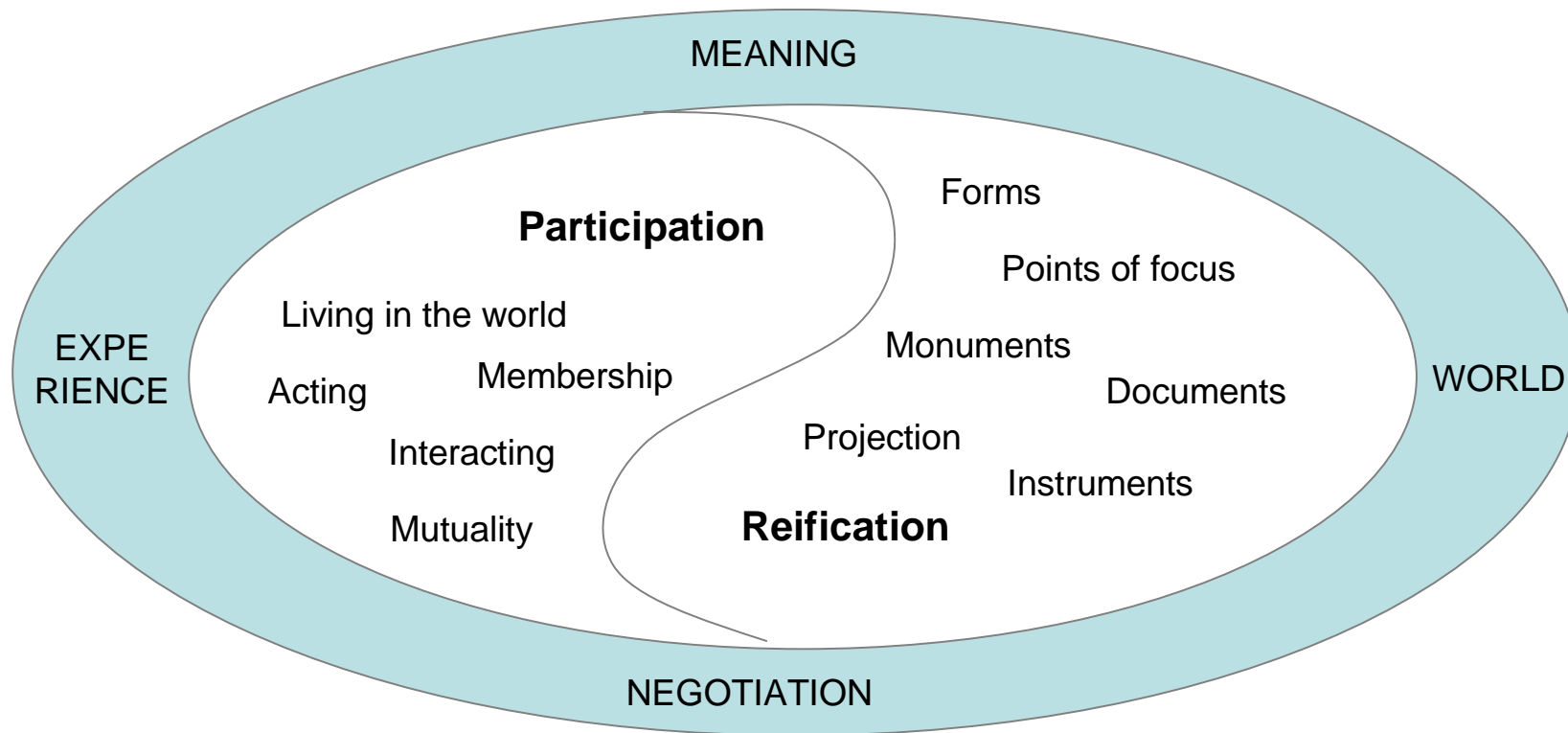
A brief definition

- As **practice creates epistemic differences** among communities; coordinating the knowledge created by those communities despite such differences is an advantage for each organization (*Brown and Duguid; Krugman*)
- **Organizational learning is the practice where** actors and communities “**negotiate meaning through participation** and reification (of tacit and explicit knowledge), making sense (*Weick*) of situate practices” (*Barzelay*)
- Such process is based on **interplay of tacit and explicit knowledge** (*Polanyi*), that is enacted within and between communities (*Brown and Duguid; Wenger*)
- As social capital in Coleman, **knowledge** is here intended **as an emerging property**, a process where people engage in sharing knowledge and experiences (*Brown and Duguid*)

2. Introduction to organizational learning (Wenger, 1998)

Participation and reification (chpt. 1)

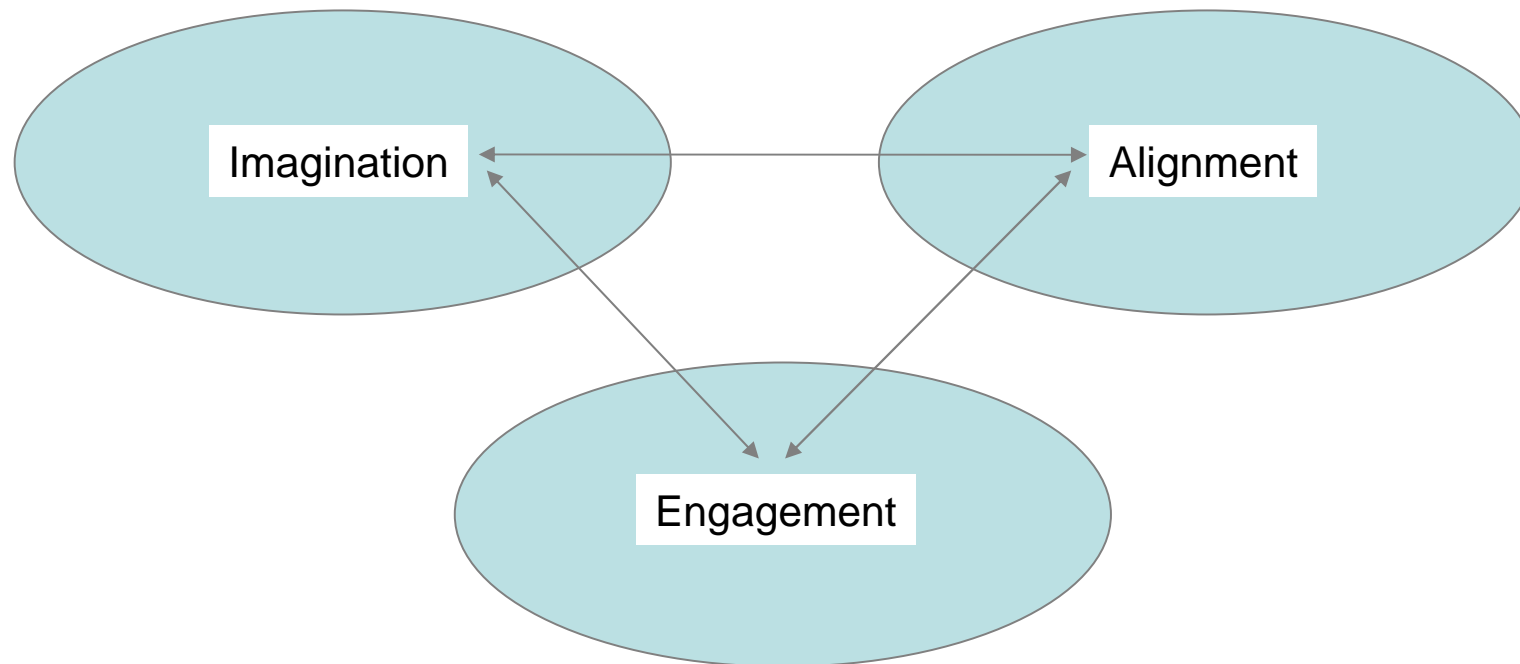
- Practice is about **meaning in the experience of everyday life**
- Meaning is **located in a process of negotiation** (*negotiation of meaning*)
- Negotiation of meaning **involves interaction** of *participation* and *reification*
- Participation and reification form a **fundamental duality** for experience and practice



2. Introduction to organizational learning *(Wenger, 1998)*

Modes of belonging *(chpt. 8)*

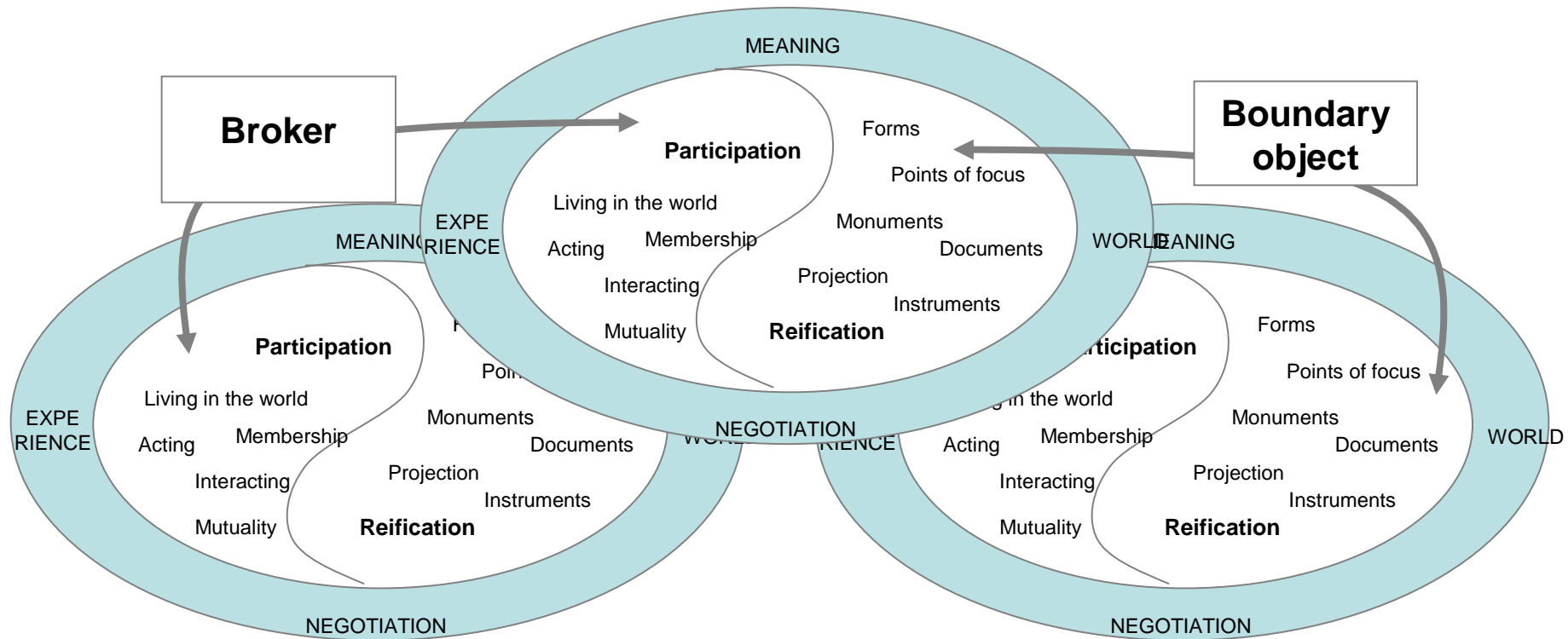
- **Engagement** - the active involvement in mutual process of negotiation of meaning
- **Imagination** - creating images of the world and seeing connections from our experience
- **Alignment** - coordinating our energy and activities to contribute to broader enterprises



2. Introduction to organizational learning (Wenger, 1998)

Engagement, brokering and boundary processes (chpt. 2, 4)

- Through **mutual engagement, participation and reification** can be seamlessly interwoven
- A **joint enterprise** can create **relations of mutual accountability**
- **Shared stories of engagement** among actors can become resources for further interaction
- **Actors can play the role of brokers** to engage process in-between community boundaries
- **Object can generate boundary process** and promote interaction of tacit/explicit knowledge



3. Theories for practice for local agents

To wrap-up

- Social capital is “inherent in the structure of relations between and among persons” (*Coleman*)
- Practice creates epistemic differences among communities; coordinating the knowledge created by those communities despite such differences is an advantage (*Brown and Duguid*)
- Organizational learning is the practice where actors and communities “negotiate meaning through participation and reification (of tacit and explicit knowledge), making sense (*Weick*) of situate practices” (*Barzelay*)
- The incentives embedded in the institutional framework direct the process of learning by doing and the development of tacit knowledge (*Polanyi*) that will lead individuals in decision-making processes to evolve gradually (*North*)

Therefore

- Organizational learning could be incrementally ‘institutionalized’ to mobilize social capital; but theories for practices tell us that learning is an emerging quality of process and cannot be rigidly promoted (eg. by ‘planning’) (*Brown and Duguid; Nonaka; Mintzberg*).
- Instead social mechanisms that allow knowledge creation can be consciously activated by local agents that act as territorial brokers involving different communities in non-conventional processes at the *boundary* of different communities (*Wenger*)

What was presented?

1. Provision of a general framework (*Hood, 1998*)

- Economic (and political) models are specific to particular constellations of institutional constraints that vary radically both through time and cross sectionally in different economies. [...] A **self-conscious awareness of these constraints is essential**.

2. Introduction to organizational learning (*Wenger, 1998*)

- The incentives embedded in the institutional framework direct the process of learning by doing and the **development of tacit knowledge** (Polanyi) that will lead individuals in decision-making processes to evolve gradually to systems that are different from the ones they had to begin with

3. Theories for practice for local agents

- Institutional **frameworks evolve** to permits the complex impersonal exchange necessary to political stability and to capture the potential economic gains [...] personalistic relationships are still the key to much of the political and economic constraints

Hood, C. (1998) The Art of the State

Wenger, E. (1998) Communities of Practice: Learning, Meaning, and Identity