INTELLIGENT ADMINISTRATION: PRODUCTIVITY, TRANSPARENCY AND MANAGEMENT OF CHANGE

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I am honored to be here today to contribute to the inauguration of the second course on intelligent administration, whose particular emphasis this year, is upon the administrative values of productivity and transparency and on the process of managing change……

When I first started to teach and consult in Spain, back in the late 1980s, I enjoyed many advantages being a foreign expert. Within Spain, few individuals had a deep understanding of results-oriented public management. Only a few did. These individuals wanted access to information and analysis about foreign practice, which was something I could provide. They also found it convenient to have an academic and a foreigner to reinforce their own themes in seminars on modernizing the public administration. I mention this because I strongly suspect that, in 2005, I no longer possess any strong advantage in being a foreign expert. It is not because my intellectual capital is less than it was 10 or 15 years ago. It is because Spain has changed……

I aim to touch upon some of the theoretical foundations of intelligent public administration. Before presenting my substantive comments to you, I will relate a relevant anecdote.

CONFLICTING PATTERNS OF REAL-WORLD ARGUMENTATION ABOUT INTELLIGENT ADMINISTRATION

Just a few weeks ago, in Salvador da Bahia, I asked the participating executive students to design a management system for the Brazil in Action program of presidential priority projects.[1] In commenting on the presentations, I asked for a justification of one of the design features the presenters had proposed. The response was that this feature was consistent with the idea of giving project managers responsibility for the accomplishment of projects. I pointed out that a feature might be conceptually consistent with the idea of a practice, but still not work. I contended that a much more relevant justification would therefore exhibit the following form: introducing the feature would tend to generate specific intended effects. The argument would continue by stating that the operation of a design incorporating this feature would cumulate or aggregate into the intended result. On this view, conformance to ideas that form the conception of an administrative system or practice is not a satisfactory justificatory argument, even if it might be persuasive for some audiences. By contrast, a valid substantive argument is one that demonstrates a feature's ability to create intended effects, while still economizing effectively on cost and limiting risk of adverse consequences.

My point, and concern, is that many public managers and others have accepted the theory that intelligent administrations, by definition, subscribe to compelling

administrative values, such as productivity and transparency. This supposition has its merits, but it is less compelling than the alternative proposition that an intelligent administration is one where administrative practices are designed according to rigorous analysis of their potential to create intended effects in specific situations and contexts.

AN OLD STORY…

Scholars have made this point very clearly as far back as 1946, a decade before the space age began. The classic reference on this analytical issue is an article entitled "The Proverbs of Administration," published in *Public Administration Review* by the late Herbert A. Simon.[2] As many of you know, Simon was awarded the Nobel Prize in Economics in 1978 for other work. Simon's article had enormous repercussions within the field of public administration. In this article, Professor Simon was bitingly critical of classical administrative theory, which identified universal principles of effective organization, such as establishing a unity of command, a simple hierarchical structure of reporting relationships, and a limited span of control. Simon branded these principles as "proverbs," likening them to religious teachings, distant from more scientific forms of intelligence that had become part of the common culture in the age of mass industry and mass government. Simon mocked the idea that organizational decisions should be based on the application of general principles to concrete cases. Instead he proposed that organizational decisions should be based on administrative analysis. Administrative analysis should be informed, he argued, by theoretically-guided description and diagnosis of the historically-given administrative situation. Administrative analysis, according to Simon, should identify the factors currently operating as constraints on performance. Intelligent action is, by his reckoning, steps whose immediate consequence is to change the constraining factor so that it no longer constrains performance.

Thus, there was nothing original in my critique of my executive students from Bahia, when I told them I was unconvinced by their argument and wanted to hear a causal story as to how the proposed design feature would bring about the intended effects. In Salvador in July 2005, I did nothing more than replicate Simon's argument of 1946.

….IN A GLOBALIZED CONTEXT

The same issue – management by proverb versus management by intervening in a particular system at a particular time to generate intended specific effects -- surfaces in other places, as well. In May of this year, I was an invited speaker at an international seminar on the modernization of public management in Chile, held in Santiago. The majority of the speakers were from international organizations, inclujding the OECD, IMF, Inter-American Development Bank, and World Bank. They gave very informative and sensible presentations. But when they came to express criticisms of current practices in Chile, their form of argument was that the cited practices deviated from international standards. The predominant form of argument was that local practice should conform to a certain idea; in this instance, the idea was an international

standard.[3] The pattern of argument offered by the international experts resembled the one that Simon complained about in "The Proverbs of Administration." In my remarks I suggested that our sophisticated hosts – such as the budget secretary -- wouldn't be fully satisfied with the argument that local practice should conform to international standards, even if they used it for purposes of persuasion. I added that I wondered whether their followers would realize that a better argument is that changes would generate specific intended effects.

Researchers on public administration, writing from the standpoint of sociology, have made a strong case for the analytical generalization that the creation of templates of public management, their dissemination through official and professional networks, and their attempted replication far and wide has become a very common process of change in public administration. The most convincing text on this score is a chapter by Kerstin Sahlin-Andersson in the volume, The New Public Management, edited by Tom Christensen and Per Lægried.[4] It may well be that this template construction-dissemination-adoption model characterizes the most prevalent pattern of change in public administration -- as an empirical matter. I think there are good reasons to be concerned if this is indeed the case. An updated version of Simon's critique of classical administrative theory might go as follows: if managing change is the adoption of templates, and if historically-given initial conditions are radically different from those present in the experiences from which templates are constructed, then the risk of missed opportunities for improvement are clearly evident and the risk of outright failure is considerable and probably excessive.

HOW CAN CHANGE BE MANAGED INTELLIGENTLY?

The general issue on which Simon took a position was how to manage change intelligently. If you accept this interpretation of Simon, then you might be open to a slight reformulation of the issue with which this lecture is supposed to be concerned. The rephrased issue is: how can change be managed intelligently? I expect that you would agree that any intelligent administration has to be able to manage change intelligently. So how can it be done?

Before analyzing this general issue, let me offer a working definition of "managing change intelligently." An organization that manages change intelligently is one that makes the most effective use of humankind's various powers of ideation. Any encompassing list of such powers should include the following four:

- formulating realistic understandings of social and organizational conditions and their probable evolution
- envisioning alternative futures
- designing useful devices that take advantage of social and physical nature, and
- identifying countless marginal adjustments in every day organizational practices that could help the organization to accomplish more at less cost and lower risk.[5]

My own view is that an intelligent – or better yet, brilliant -- administration is one where all four powers of ideation are regularly exercised. I have observed some or all

of these powers of ideation being, or having been exercised, at one time or another in quite a few public organizations, including the U.S. Air Force, the Secretariat of Planning and Strategic Investments in Brazil, the state government of Minnesota, and the Junta de Andalucía. Some other researchers have also caught public officials in the act of exercising the some or all of same powers of ideation, researchers like Eugene Bardach of School of Public Policy at the University of California, Berkeley;[6] Judith Tendler of the Department of Urban Studies and Planning at MIT;[7] Martha Feldman of the University of California, Irvine;[8] and Mark Moore of Harvard's Kennedy School of Government.[9]

Let me leave this definitional and empirical line of analysis underdeveloped here and return to the most general issue: how can change be managed intelligently? I am an institutional processualist.[10] Therefore, I am inclined to analyze this issue by identifying processes that occur in organizational and institutional contexts.[11] I would like to nominate two such abstractly defined processes as means to manage change intelligently. One is problem-solving. The other is innovation. I'll say much more about problem-solving than about innovation, for reasons of time.

INTELLIGENT MANAGEMENT OF CHANGE THROUGH PROBLEM-SOLVING: ADMINISTRATIVE ANALYSIS AND THE PROCESS OF DESIGN

Problem-solving is what Herbert Simon advocated in his 1946 article. His focus was on administrative analysis, as I mentioned earlier. Administrative analysis was put forward as a cognitive procedure within a broader practice of intelligent problem-solving. The function of this procedure is to diagnose situations. If this function is performed effectively, the analyst will have answered the question: what should be the precise aim of immediate efforts to improve organizational achievement?

To perform this function, the analyst needs to engage in several cognitive activities.[12] One is to translate non-operational goals into statements that go some distance toward discriminating among better and worse conditions with which the organization is concerned. Another is to describe the organization's current practices, especially those that affect flows of communication and the settling of decisional issues. The third cognitive activity is to identify the factors that currently operate as limiting factors on organizational achievement. Under Simon's analysis of organizational life, such factors would normally include rules regulating the flow of communication or the location of decision making authority within a hierarchical division of labor. To claim that some aspect of the situation is a constraint is to hypothesize a causal relation. The claim based on this hypothesized relation is that changing a particular factor will bring about a positive effect in terms of organizational achievement. The conclusion of a unit of administrative analysis is a precise specification of a design problem. The design problem is to change the factor that currently operates as a constraint on organizational achievement.

Simon's conception of administrative analysis has the beauty of simplicity as well as symmetry with conventional ideas about rational action in cultures that prize achievement through large-scale organized endeavors. It is an idea in keeping with some of the normative ideas of bureaucratic rationality, as these have been expressed by

Professor Jerry Mashaw of Yale Law School in his book, *Bureaucratic Justice.* [13] It comports well with the broad ideas of policy analysis, which point to the framing of agendas for public action that reflect reality-tested understandings of unsatisfactory conditions and analysis of whether proposed alternatives will alleviate the problem without creating unacceptable side-effects. These lofty ideas, in principle, can be applied within public administrations.

The simplicity of Simon's conception of administrative analysis comes at a price of oversimplification, however. The problem solving he talks about in this context is situated within a single emotionless mind. This conception of problem solving abstracts from ambiguity, whether about the meaning of organizational achievement or about cause-effect relations. These limitations on Simon's seminal treatment of administrative analysis have been amply examined by James March and countless other writers.[14]

Nonetheless, the conception of administrative analysis has an underappreciated strength. Recall that the conclusion to a unit of administrative analysis is the identification of a constraint to be removed. It is not a vague statement about the problem; it points to desired effects of unspecified actions whose hypothesized effect is to remove a constraint and thereby improve organizational achievement. What is truly important about Simon's discussion is the implied thesis that the intelligent management of change is a process of design. The process of diagnosis, specifically, is one of specifying, with increasing granularity, the problem to which intelligence is to be applied. Once a design problem is well specified, then people with some causal understanding of a system can move fairly readily toward a solution.[15] The process of diagnosis can therefore be seen as a way to make the most of humankind's limited cognitive capabilities. In this sense, the process of diagnosis might count as a smart practice, in the terms of Eugene Bardach of University of California, Berkeley.[16] It is a smarter practice, arguably, than seeking to implement locally adopted internationally-certified practices.

Despite its many positive qualities, including those that are underappreciated, the paradigm of administrative analysis has some limitations. It does not talk about how non-operational conceptions of achievement should be constructed. It does not deal with how to overcome cultural and other sources of rejection of proposed alternatives. In these and other respects, we can quickly see that for some purposes we need to have another process at our disposal. And that process is innovation.

A WORD ON INNOVATION

An intelligent administration is one that manages change through the process of innovation, in addition to managing change through the process of problem-solving. Innovation is a process that has been studied rather carefully, especially with regard to physical and information technologies. This process draws on at least two of the powers of ideation indicated earlier: envisioning alternative futures and designing useful artifices that take advantage of social and physical nature. This process could be studied more effectively in the field of public administration, but progress is being made. Recounting that progress would require a whole other lecture.

CONCLUSION

Let me now conclude. The task I was asked to carry out was: "Provide a contextual perspective and general framework regarding change processes in contemporary public administration, addressing in this way the concept of intelligent administration." As for the contextual perspective about processes of change in contemporary public administration, I drew attention to the globalized process of adopting practices rationalized by templates of internationally-certified good practices. Diffusion-adoption is one of many empirical processes, but it has become a central one in the mind of academics interested in public administration. As for the concept of an intelligent administration, I suggested that an intelligent public administration is one that manages change intelligently. Managing change is a process, a process in which various powers of human ideation are potentially implicated. As for a general framework, I have identified two complementary theorizations of processes that, if put into practice, would make reasonably full use of these powers of ideation. These are problem-solving, discussed in some detail, and innovation, mentioned briefly. In my view, these normatively conceived processes can be translated, through intelligent human agency, into practical efforts leading to constructive change on a large scale across a wide geographical terrain. Some of these efforts may even deserve to be called specimens of brilliant administration. But a large number of modest approximations to the ideal of the intelligent management of change would be quite fine. Conceiving such process ideals may be helped by clear analytical thinking about public management, but genuine approximations to them on the ground requires something which lies well beyond the realm of conceptual thinking and historically informed argument: namely, intelligent public management itself.

* This lecture was delivered by Michael Barzelay for the Curso de Verano del Escorial on Intelligent Administration, Spain, July 25, 2005.

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[1] Michael Barzelay, Evgeniya Shvets, "Innovating Government-wide Public Management Practices to Implement Development Policy: The Case of 'Brazil in Action'" International Public Management Journal, 9 (2006): forthcoming

[2] Herbert A. Simon, "The Proverbs of Administration," Public Administration Review, 6 (1946): 53-67.

[3] A notable exception to this generalization was the paper and presentation by Koldo Echebarria of the Inter-American Development Bank, "La Gestión de los Recursos Humanos en el Sector Público: Tendencias y Desafíos."

[4] Kerstin Sahlin-Andersson, "National, International, and Transnational Constructions of New Public Management," in The New Public Management: The Transformation of Ideas and Practice, ed. Tom Christensen and Per Lægreid (Aldershot, Eng.: Ashgate, 2002).

[5] No single reference is adequate here, but an inspiring one is Mustafa Emirbayer and Anne Mische, "What is Agency?" American Journal of Sociology, 103 (1998): 962-1023.

[6] Eugene Bardach, Getting Agencies to Work Together: The Practice and Theory of Managerial Craftsmanship (Washington, D.C.: Brookings, 1998).

[7] Judith Tendler, Good Government in the Tropics (Baltimore, MD: Johns Hopkins, 1997).

[8] Martha S. Feldman, "Organizational Routines as a Source of Continuous Change", Organization Science, 11(2000): 611-629.

[9] Mark H. Moore, Creating Public Value: Strategic Management in Government (Cambridge, MA: Harvard University Press, 1995).

[10] Michael Barzelay and Raquel Gallego, "From Neo-Institutionalism to Institutional Processualism: Advancing Knowledge about Public Management Policy Change," Governance, in press.

[11] Abstract processes are not entities out there in the world; they are not natural categories. Abstract processes of the sort I refer to here are socially constructed systems of ideas generated through structured dialogue over many years.

[12] This discussion builds on Michael Barzelay and Fred Thompson, "Case Teaching and Intellectual Performances in Public Management," in A Clinical Approach to Policy Analysis, ed. Iris Geva-May. (New York: Palgrave, 2005).

[13] Jerry L. Mashaw, Bureaucratic Justice: Managing Social Security Disability Claims (New Haven, CT: Yale University Press, 1983).

[14] James G. March, The Pursuit of Organizational Intelligence. Malden, MA: Blackwell, 1999.

[15] Eugene McGregor, S. Ferguson, Engineering and the Mind's Eye (Cambridge, MA: MIT Press, 1985). 1992

[16] Eugene Bardach, Getting Agencies to Work Together.

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