



Background Note

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Of institutions and butterflies: is isomorphism in developing countries necessarily a bad thing?

By Philipp Krause

Ideas sometimes travel in strange ways. ‘Isomorphism’ and ‘isomorphic mimicry’ – terms in biology since the 19th century – refer to different organisms evolving to look similar without actually being related. In particular, isomorphic mimicry is the process by which one organism mimics another to gain an evolutionary advantage. Think of a perfectly edible species of butterfly that looks like another (not so edible) species to avoid being eaten.

The idea made its way into organisational sociology in the 1970s and 80s. DiMaggio and Powell (1983), who applied the concept to organisations in order to explain why so many of them look so alike in modern times, argue that the original impulse of Weberian bureaucratisation – where public- and private-sector organisations became more rational and bureaucratic because of competition – has long run its course. Instead of functional need, organisational change is driven by mimicry.

Nearly 30 years later, it has become a buzzword of sorts in development policy. Pritchett et al., (2010) in their work on ‘capability traps’, and Matt Andrews, specifically with regards to public financial management (PFM) reform in Africa (Andrews, 2009), have used isomorphism to describe the highly negative consequences of donor-assisted reform efforts to establish formal institutions in developing countries. The unit of analysis shifts from individual organisations to states, but the diagnosis in Pritchett et al. is the same – instead of serving functional needs, states in developing countries change in order to imitate.

This mini-etymology matters because, along the way, the connotation of isomorphic mimicry changed. In biology, mimicry bestows an evolutionary advantage on the mimic. In organisational sociology, Powell and DiMaggio make the point that organisations can mimic other organisations without having evidence that mimicry would actually increase functional performance. Organisations are imitated because they are perceived as successful; because others depend on them; or because it is seen as a commonplace in a certain profession. But for Pritchett et al., imitation of perceived success is unreservedly negative: part of the reason fragile states are hopelessly stuck is precisely because they try to mimic the formal institutions of success, rather than figuring out the functions of statehood on their own. According to these authors, mimicry is the expression of a teleological worldview, a futile chase for that one best-practice path towards development.

In the last year or two the Pritchett et al. perspective – i.e. that institutional change by isomorphic mimicry is a bad thing – has received a lot of attention. Their paper was reviewed favourably in the blogosphere (see Collins, 2011; MJ, 2011; Moriarty, 2011) and, as far as I know, their verdict on mimicry still stands unchallenged.

In Andrews’ survey of African public financial management reforms, the majority of 31 governments surveyed pursued, for example, medium-term expenditure frameworks, performance budgeting, and top-down budgeting, often at the same time (Andrews, 2010). However, given the variation of these institutions among OECD countries, it is inconceivable that any sound analysis of functional need could produce this nearly complete

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homogeneity (Krause, 2009). Some, if not most, of these 31 countries are ill-served by these reforms. So, telling every government they need to mimic best practices is a very poor strategy by donors – but does that mean mimicry is automatically a bad thing for governments themselves?

Adaptation through mimicry

Governments mimic one another all the time, often quite successfully. DiMaggio and Powell (1983) cite the example of Meiji-era Japan (1868-1912), when Japan copied the postal system from Britain, the police from France and the army from Prussia (Westney, 2000 [1987]). In copying Prussia, the Japanese copied what they thought was the best case, and it worked very well for them. This is precisely the point. We hardly ever have good evidence for exactly why a certain institutional innovation works, or even if it really does work. Given the complexity of social systems, we may never really know. Looking to good performers as models to imitate is just fine, as long as governments learn how to adapt on their own.

Responding to uncertainty is one of the causes DiMaggio and Powell (1983) identified for isomorphic mimicry. Organisations do not quite know how to deal with a new challenge, so they look towards examples to copy. This is only the beginning of a successful reform, however, and governments need to embed what they copy into the existing context, else their reforms probably fail, as Pritchett et al. point out. We simply don't quite know enough about the secret sauce that sets successful copycats apart from states that fail to adapt.

What happens with successful reforms is far more complex than the simple copying and pasting of organisational charts (which is what Pritchett et al. find so offensive.) But rarely can you find examples of historically embedded, problem-oriented institutional change without an element of mimicry as well. Matt Andrews has written recently about the 1990s budget reforms in Sweden, which were anchored in Sweden's fiscal history going back decades (Andrews, 2012). An important point, but Swedish officials also looked at their European neighbours: specifically, Jürgen von Hagen's index of budgetary institutions (which was new at the time and nothing if not formal-institutional). Swedish officials didn't want to remain in the 'spaghetti league' with Italy and reformed their institutions accordingly (Krause 2012:146).

Similar accounts exist for Chile and Mexico. When Chile reformed its budget process – which was already working well – at the end of the 1990s, many

internationally recognised ideas found their way into the new institutional arrangements: notably around performance management. Mexico's budget reforms of the mid-2000s were, in turn, influenced by Chile's experience. Each country's institutional arrangements are embedded in its own context of existing customs, organisations and relationships, but both governments were mimicking institutions (or facets of institutions) that seemed to have proven themselves in other OECD countries (Dussauge, 2010; Krause et al., 2012).

What about examples of institutional innovations in one country that are genuinely 'local', in the sense that they actually reinvent the wheel without knowing it existed elsewhere? Most often, close scrutiny will unveil a combination between Meiji-style imitation followed by tinkering and local exertion to fit and adapt what makes sense domestically, as in Japan, or in Chile, Mexico or Sweden. Pritchett uses tennis players as a metaphor: physiologically, successful tennis strokes are very similar, and ultimately dictated by biology. That doesn't mean that there is a shortcut to better performance: professional players still practice incredibly hard (Pritchett, 2012). So even if there are only really a few models for how to set up a treasury single account, bringing in the consultants alone will not give a government a functioning system. Somebody, for example, needs to overcome the resistance in line ministries, and make sure that treasury offices outside the capital are adequately staffed and resourced – all issues that go beyond simple, easily outsourced technical solutions.

Insincere mimicry

When governments adopt formal institutions insincerely, to follow donor demands instead of in pursuit of functional improvement, it is not clear that such strategies are inherently bad. For instance, a national poverty-reduction strategy based on consultations with domestic groups, monitored according to international standards and focused on donor demands clearly doesn't fit most governments' institutional settings. This is not to say that the Poverty Reduction Strategy Papers (PRSP) model did not fit the context of Uganda, on which much of the original approach was based (Mallaby, 2004). It is just extremely unlikely that all of the central governments of countries that are eligible for the World Bank's International Development Association (IDA), which vary enormously otherwise, would be equally well-served by the same arrangement. PRSPs have been found to often fit very poorly with existing government structures, to the detriment of both (Wilhelm and Krause, 2007).

The gap between PRSPs and regular government structures is in fact a perfect example of a ‘ceremonial institution’ (Meyer and Rowan, 1977). In many instances, insincere mimicry is simply gaming behaviour. It occurs when some kind of performance target is measured by indicators and tied to strong incentives (financial or otherwise) to achieve them. In international development such objectives abound; they are implicit in conditionality matrices, have been part of the process around PRSPs, and are now an integral component of the development community’s aid-effectiveness agenda (Addison and Scott, 2011). We know from the public-administration literature that gaming is an inevitable limitation of a targets approach (Hood, 2007). To insincerely mimic institutional forms is a viable response in this context.

If governments are rational actors making decisions about how to fund their expenditures, why would they not adopt these insincere institutions, if doing so is an externally imposed requirement to accessing debt relief, cheaper loans and more aid? The cost–benefit calculation beats raising taxes. The crucial point here is that governments are actors. To extend the analogy to biology, governments should not be assumed to strive for development, but for their own survival. Survival for organisations is enhanced by greater resources, so country governments will continue to implement superficial best-practice reforms as long as donors ask – and pay – for them.

Institutional ventriloquism

Along with adaptation by mimicry and insincere mimicry there is also a third kind. This occurs when fragmentation and informality in government are so high that purposeful action is very difficult: in effect, there is a formal state, but it does not have the capability to behave as a single actor. When the centre of government does not have enough autonomy and capability to learn and adapt, externally sponsored formal reforms become very dangerous. This is not isomorphic mimicry, but institutional ventriloquism. It happens when best-practice reforms are articulated, planned and implemented following external prompting and via externally funded advisers and consultants. While the first two kinds of mimicry assume government agency, ventriloquism is the absence of whole-of-government intention.

In a recent comparative study of eight post-conflict countries carried out by ODI and the World Bank, we found that seven out of eight countries tried to establish medium-term expenditure frameworks, and that only one of these can be considered a success. In most cases, such multi-annual budget reforms, often taking place whilst budget officials were still working on the credibility of the annual budget, tied up crucial resources and still failed. It is hard to see the functional need for these efforts, and much easier to see this as the worst kind of mimicry (Hedger, Krause et al., 2012; Fritz et al., 2012).

In the context of fragmented institutions, informality and fragility (where state agency is lacking) ventriloquising what donors consider to be best practice as a substitute for real reform is actively harmful. Domestic government units are further fragmented as they align themselves to available external funding and manpower, to tap into external capacity for new strategies and projects. This institutional ventriloquism worsens capability traps because it keeps states from developing the autonomous capability to adapt and change. It is the phenomenon Pritchett, et al. call ‘looking like a state’ (2012).

Conclusion

The distinction between mimicry and ventriloquism is important. For states that are able to adapt and change on their own, mimicry isn’t a problem, even if insincere mimicry is a problem for donors. The development policy community should not completely dismiss the importance of countries learning from one another and imitating success, even as it finally consigns institutional copy–paste jobs to the dustbin of history. Instead, there should be two parallel efforts – first, to get rid of international development efforts that incentivise ventriloquism instead of adaptation, and second, to allow governments the space to experiment, including turning something that worked well elsewhere into genuinely local innovation.

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