Addressing complexity: The new challenge for governments

5th Global Drucker Forum

Vienna, November 15, 2013

Prof Yves Doz

Solvay Chaired Professor of Technological Innovation, INSEAD

Senior Advisor, Research, SITRA

© Yves Doz, 2013

INSEAD

From Peter Drucker:

"We were in love with government and saw no limit to its abilities, to its good intentions."

"The best we get from the welfare state is competent mediocrity…In every country there are big areas of government administration where there is no performance whatsoever."

"Modern government has become ungovernable"

(in "The Age of Discontinuity", 1969)

© Yves Doz, 2013

INSEAD

And today?

"*Governments are on the cusp of complexity…unprepared*"

"*You will see more surprises coming, some nasty…*"

Peter Ho,

Former head of Public Service, Singapore

November 12th, 2013

© Yves Doz, 2013

INSEAD

Why study governments?

Multidimensional utility functions, conflicting goals

Political processes

Monopolies

Problem solvers of last resort

Magnitude of “wicked” societal problems

Facing complexity:

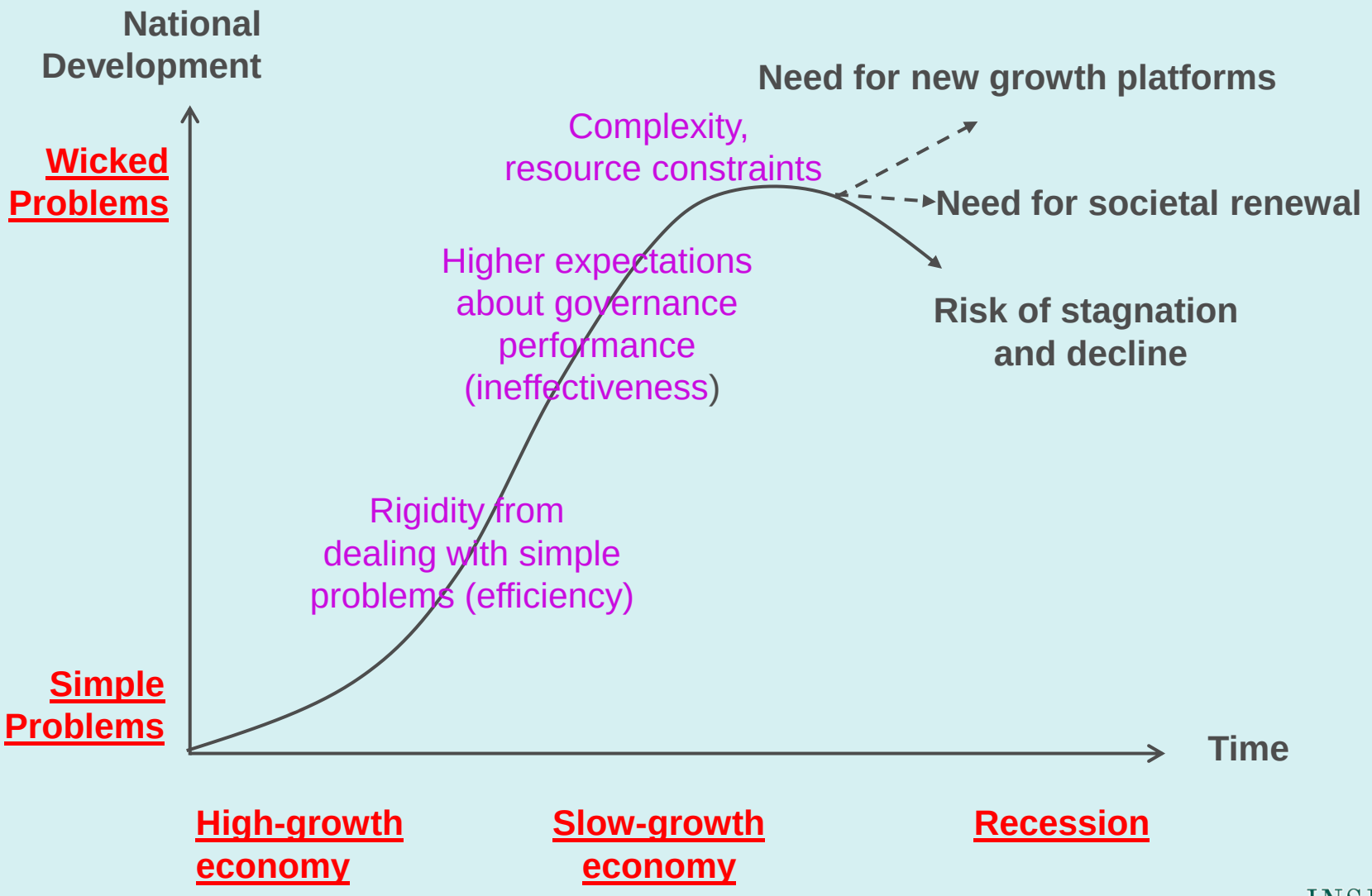
Interdependencies, globalization, etc.

Less predictable citizens, fickle preferences

Social media, networks, NGOs, communities

© Yves Doz, 2013

The evolution of policy challenges:



© Yves Doz, 2013

INSEAD

Addressing Complex Challenges Strategically

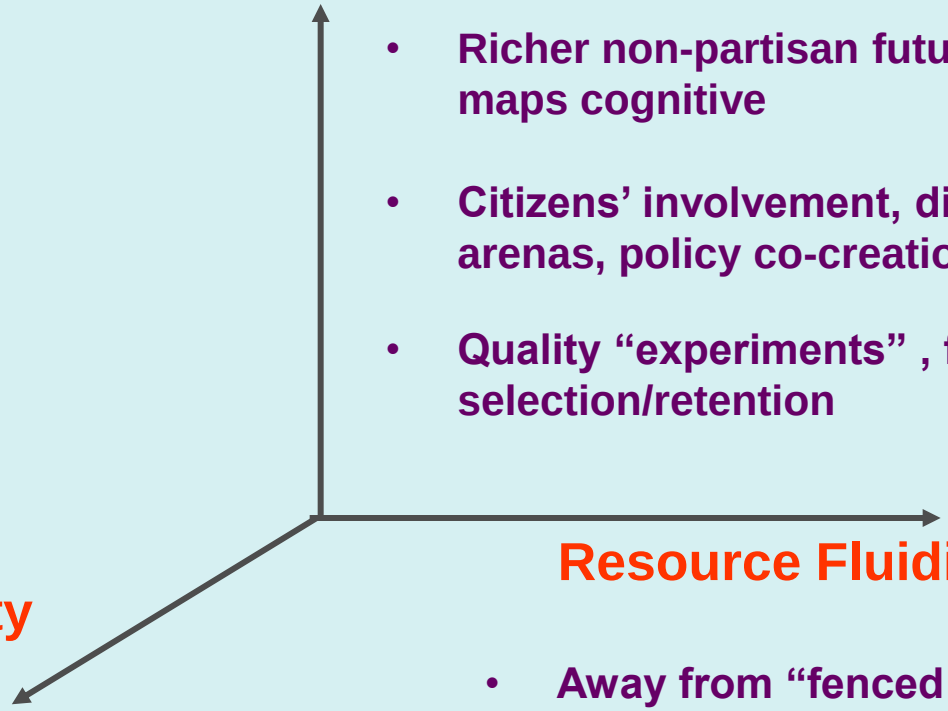
© Yves Doz, 2013

INSEAD

Strategic Agility for Governments

Strategic Sensitivity

- Richer non-partisan future-oriented cognitive maps cognitive
- Citizens' involvement, dialogues, participation arenas, policy co-creation opportunitie
- Quality "experiments" , fast feedback and selection/retention



Resource Fluidity

- Away from "fenced in" silo resource allocation
- More localized/devolved allocation/use of resource
- Better monitoring and measurement
- Managerial quality of staff: collaboration, integration

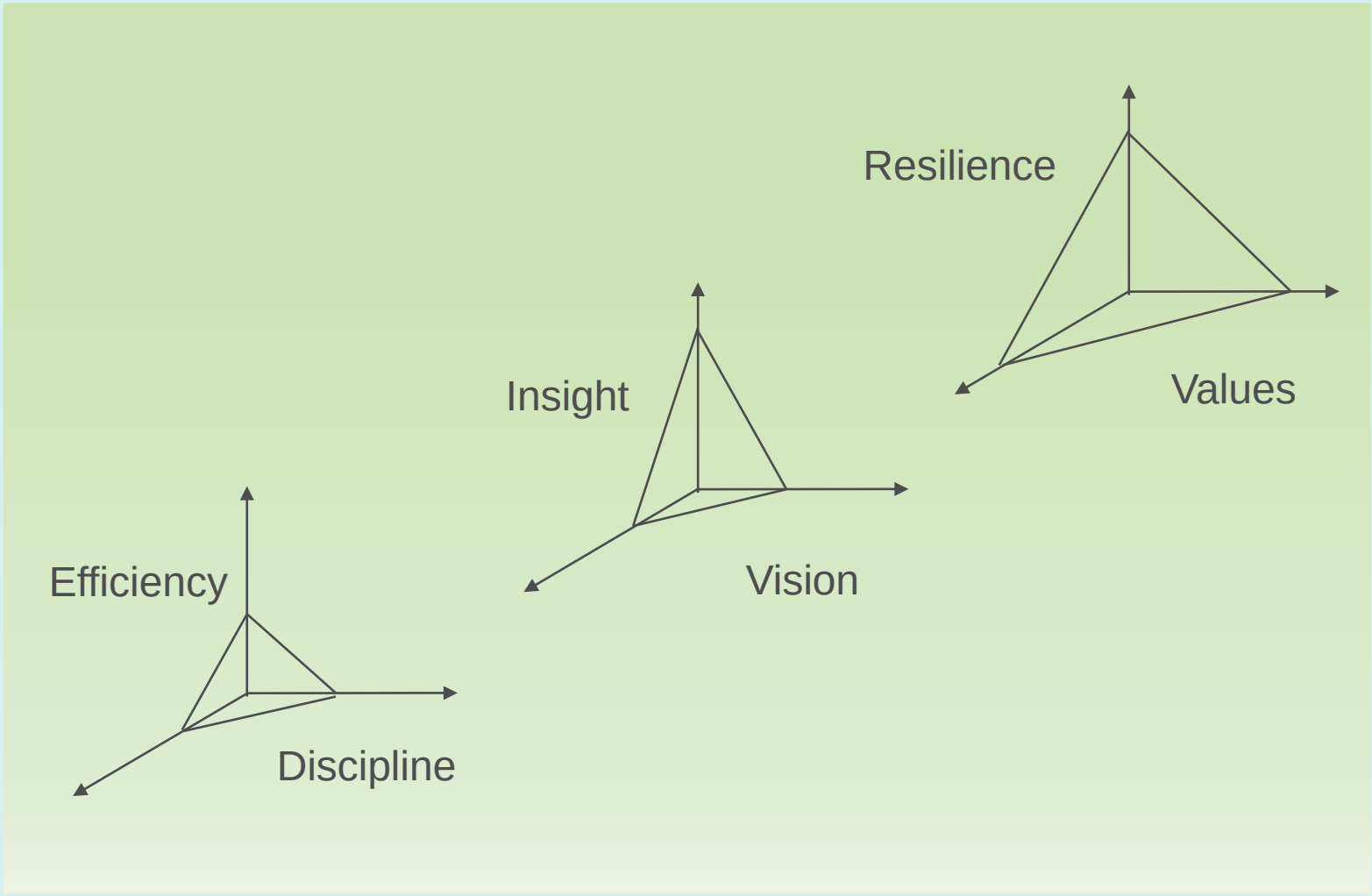
Leadership Unity

- Common values/vision/goals, norms or ethics and integration of information
- Cabinet responsibility for collective success
- Sense of "elite"- collective stewardship, Citizens' collective commitment

© YvesDoz 2018

INSEAD

Leadership priorities



© Yves Doz, 2013

INSEAD

Governance Challenges: Three lenses to grasp public policy processes:

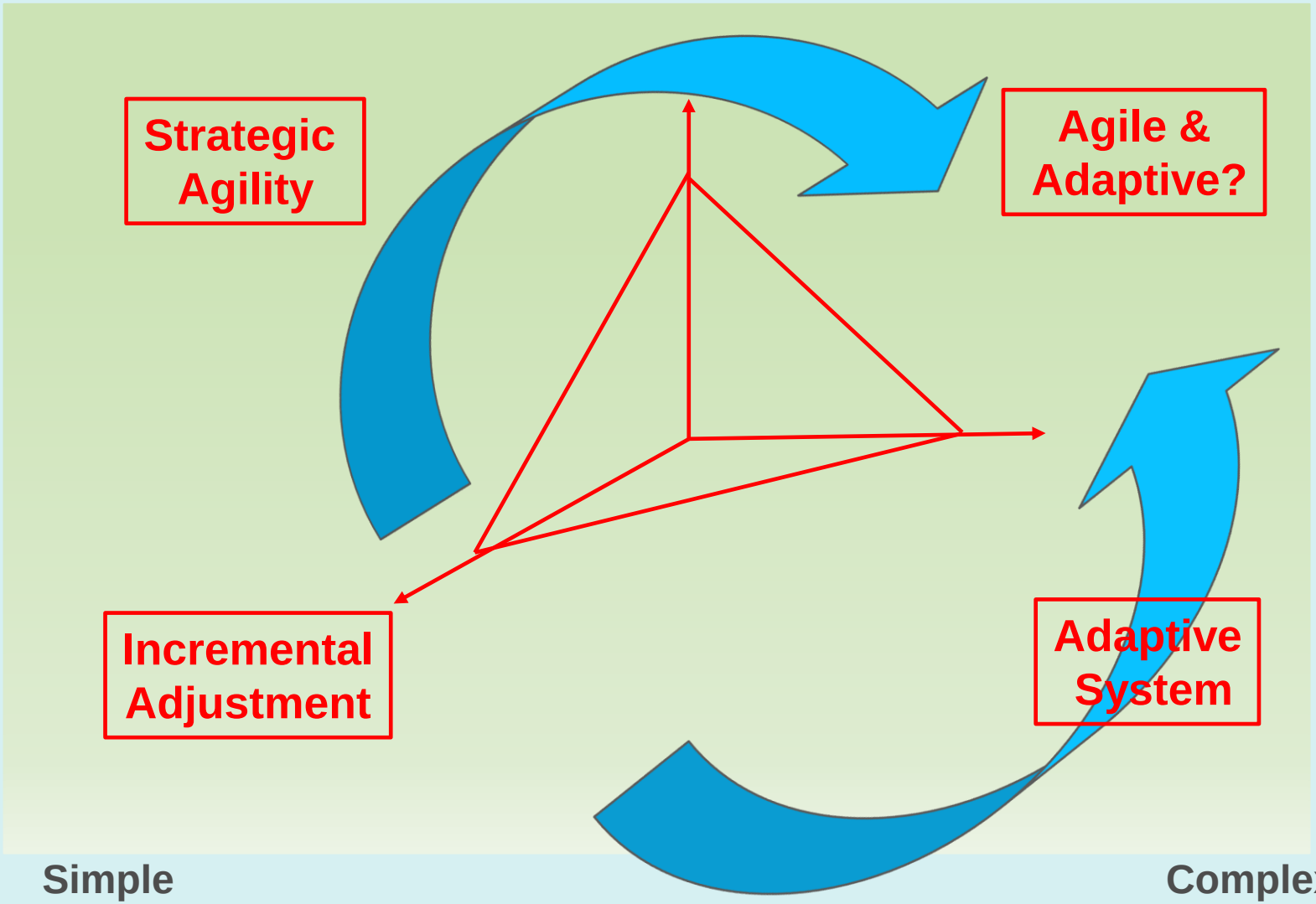
Relax illusion of control → *Relax integrated cognition*

	Strategy formulation/ implementation	**Strategic agility**	**Adaptive governance**
Assumption about human being	• Rational, economic	• Boundedly rational with emotions	• Locally rational adaptive limited information
Unit of analysis	• Unitary actor, integrating organization as "machine"	• Multiple actors, both individuals and subgroups	• Relationship between interdependent agents, each with many priorities perceptions and learning skills
Core assumption about future states	• Environment can be understood/predicted, future can be analyzed	• Environment can be understood, not clearly predicted	• Environment is existentially unknown (complex system, wicked problems)
Nature of decision making	• Collective utility-based choices between independent alternatives. Thought determines action	• Opportunism in Intent and purpose framework, strategic choice and path dependency in capabilities	• No independent alternatives, adapt, adjust as you go. Action leads to thought, probe and experiment
How change happens	• Implementation is an architecting and leading exercise (structures, roles, responsibilities, measurements, rewards, sanctions).	• Change results from the three dimensions of agility, and their interplay over time. (structured adaptation)	• Change results from crisis, chaos, emergence, and self-structuring …into less unstable and more adaptive system

© Yves Doz, 2013

INSEAD

The Governance Challenge



© Yves Doz, 2013

INSEAD

In the face of growing complexity: Some conundra

- Speed of change> speed of learning?
- Evidence base? How valid? When?
- Who are the stakeholders?
- Simplicity vs. requisite variety, or is it flexibility?
- Oblique change vs. clear goals?
  - *"The best reforms are silent reforms"*

Courage for action on wicked problems?

Adaptive challenges and decision making processes?

Skills, values and management of key civil servants?

© Yves Doz, 2013