Addressing complexity:
The new challenge for governments

5th Global Drucker Forum
Vienna, November 15, 2013

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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)
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
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
The evolution of policy challenges:

- **Wicked Problems**
  - Complexity, resource constraints
  - Higher expectations about governance performance (ineffectiveness)
  - Rigidity from dealing with simple problems (efficiency)

- **Simple Problems**
  - High-growth economy
  - Slow-growth economy
  - Recession

- **National Development**

- **Need for new growth platforms**
- **Need for societal renewal**
- **Risk of stagnation and decline**

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Addressing Complex Challenges Strategically

- Small size
- Collaboration
- Education system
- Culture
- Lead market for next generation well being services
- Advanced well-being institutions & reputation
Strategic Agility for Governments

Strategic Sensitivity

- Richer non-partisan future-oriented cognitive maps cognitive
- Citizens’ involvement, dialogues, participation arenas, policy co-creation opportunities
- Quality “experiments”, fast feedback and selection/retention

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

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 priorities

- Fast
  - Efficiency
  - Discipline
- Slow
  - Insight
  - Vision
- Simple
  - Efficiency
  - Discipline
- Complex
  - Resilience
  - Values

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Governance Challenges: Three lenses to grasp public policy processes:

- **Strategy formulation/implementation**
  - Assumption about human being:
    - Rational, economic
  - Unit of analysis:
    - Unitary actor, integrating organization as “machine”
  - Core assumption about future states:
    - Environment can be understood/predicted, future can be analyzed
  - Nature of decision making:
    - Collective utility-based choices between independent alternatives. Thought determines action
  - How change happens:
    - Implementation is an architecting and leading exercise (structures, roles, responsibilities, measurements, rewards, sanctions).

- **Strategic agility**
  - Assumption about human being:
    - Boundedly rational with emotions
  - Unit of analysis:
    - Multiple actors, both individuals and subgroups
  - Core assumption about future states:
    - Environment can be understood, not clearly predicted
  - Nature of decision making:
    - Opportunism in Intent and purpose framework, strategic choice and path dependency in capabilities
  - How change happens:
    - Change results from the three dimensions of agility, and their interplay over time. (structured adaptation)

- **Adaptive governance**
  - Assumption about human being:
    - Locally rational adaptive limited information
  - Unit of analysis:
    - Relationship between interdependent agents, each with many priorities perceptions and learning skills
  - Core assumption about future states:
    - Environment is existentially unknown (complex system, wicked problems)
  - Nature of decision making:
    - No independent alternatives, adapt, adjust as you go. Action leads to thought, probe and experiment
  - How change happens:
    - Change results from crisis, chaos, emergence, and self-structuring …into less unstable and more adaptive system

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The Governance Challenge

Complex

Fast

Strategic Agility

Agile & Adaptive?

Incremental Adjustment

Adaptive System

Slow

Simple

Complex
In the face of growing complexity: Some conundras

- 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?