

Artigo – Seção Estado, Organizações e Sociedade

# Rethinking governance design: Design thinking applied to governance

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## ABSTRACT

This paper attempts to present two different governance models that have opposite and complementary characteristics. For this, we start by presenting the concept of governance in its broadest sense, the “governance process”, and go to the view in which governance is seen as an object that is conceived, designed and optimized (Governance Design). The governance process should be functional and stylish, because the latter corresponds to subjective dimensions of public value and satisfy values, demands, expectations and interests of public stakeholders. This is not a retrofit or up cycling of conventional governance models, but an acknowledgment of the need for high doses of innovation

**Keywords:** Governance. Governance Design. Design Thinking

## RESUMO

Este ensaio busca apresentar dois modelos distintos de governança com características ao mesmo tempo opostas e complementares. Para isso, parte do conceito de governança em seu sentido mais amplo, ou seja, o “processo de governar”, para uma visão onde a governança é vista como um objeto que precisa ser concebido, desenhado e é otimizável (Governance Design). O processo de governar deve ser funcional e stylish uma vez que o estilo corresponde a dimensões subjetivas do valor público correspondendo, assim, aos valores, demandas, expectativas e interesses dos stakeholders públicos. Não se trata de um retrofit ou up cycling dos modelos convencionais de governança, mas da necessidade de altas doses de inovação

**Palavras-chave:** Governança. Governance Design. Design Thinking

## RESUMEN

Este ensayo tiene como objetivo presentar dos modelos distintos de gobernabilidad con características opuestas y complementarias. Para ello, parte del concepto de gobierno en su sentido más amplio, es decir, el "proceso de gobierno", para una visión donde el gobierno se considera como un objeto que necesita ser concebido, diseñado y optimizado (Diseño de Gobierno). El proceso de gobierno debe ser funcional y elegante, ya que el estilo corresponde a las dimensiones subjetivas del valor público y, por lo tanto, a los valores, demandas, expectativas e intereses de los interesados públicos. Esto no es una actualización o un ciclo ascendente de los modelos de gobierno convencionales, sino la necesidad de altas dosis de innovación

**Palabras clave:** Gobernanza. Diseño de la gobernanza. Pensamiento de diseño

The design of governance systems—the definition of how organizations are formed and arranged for a set of purposes—is both a phenomenon and an object of study. As a societal practice, it’s something that just happens and/or has to be done every once in a while, deliberately or not, particularly in times of institutional change (which can be seen as continuous and dynamic) and government transitions. As an object of study, it embraces a number of fundamental questions, such as: What are the rationales behind specific governance design options? To what extent are specific design options functional?

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It is assumed that systematic approaches to governance design can help develop better arrangements and allow the formulation of hypotheses that seek to explain specific design options by improving and creating new methods of design. This chapter develops the concept of “governance design” through the design thinking methodology, and proposes an innovative governance prototype. The approach used is significant because it is based on the view that institutional design modeling is a design science.

“Design thinking” is a design creation system that attempts to reach beyond style and functionality; for example, first, it treats needs and demands as determinants of style and functionality, based on three pillars: desirability, viability, and feasibility. At the core of this chapter is the construction of a governance design model based on design thinking: a proof of concept contrasting conventional design with that which is intended to be pioneering.

Conventional design is essentially vertical, top down, single centered, fragmented, and segregating (i.e., state–society separation). In it, the predominant vertical orientation by policy theme generates stakeholder fragmentation. Conversely, an innovative design considers society as a collaborative network and works on clusters of stakeholders, identifying their views, needs, expectations. It interacts with unstable segments and, at the same time, with institutions. It is based on value streams, and it integrates horizontal and vertical as well as intra- and extra-governmental work. This horizontal and vertical interaction produces a hyperintensive integration matrix, and, hence, the innovative design model is more horizontal, biunivocal, integrated, interpenetrated within society, and focused on stakeholders.

### **Governance design**

As proposed in Chapter 1, “governance” is taken to be a process of generating public value. This can be problematic in some respects, but, for the purposes of this chapter, it allows us to treat governance as an object (in principle, a process is an intangible object, as it is an ordered set of activities intended to generate an output, but, depending on what output is generated, it may have different degrees of tangibility) that has to be conceived, designed (it is a rational construction, in the sense that its modeling is designed to achieve predetermined purposes), and can be optimized (subject to deliberate redesigns).

“Design,” in turn, in a generic sense refers to “the way something has been made; the way the parts of something ... are formed and arranged for a particular use, effect, etc.; the process of planning how something will look, happen, be made, etc.; the process of designing something” (Merriam-Webster’s Collegiate Dictionary, 2015), and is usually applied to tangible objects (utensils, clothing, machinery, environments), but may also refer to intangible objects (services, images, graphic elements, software, websites) that can be produced through artisanal or industrial processes. This activity is usually both rational (strategic, technical, aimed at solving a problem) and imaginative (creative, aesthetic). The term is strongly associated with style and functionality dimensions applicable to both the object and the design process across a wide range of design schools/principles.

“Governance design” is not exactly new, but it is an infrequently used term, and suggests concepts and proposes models and methodologies.<sup>2</sup> The literature commonly considers governance design to be modeling and institutional design as a vast and heterogeneous field of study that is ultimately scientific (in the sense that it is a rational, analytical, systematic, and objective activity used for addressing problems). Institutional design is a broader concept, part of a basic question (e.g., Which institutional forms are more conducive to certain results?), and applies to different scopes (from micro to macro, economic, political, social, and family), focusing either on utilitarian aspects or others related to justice, equality, and rights—that is, the various institutionalisms are essentially analytical, not a design method (Goodin, 1996). In this sense, governance design is a particular type of applied institutional design. Applied to the modeling of governance systems, it can be understood as processes that generate public value: it has to go beyond analysis and result in

<sup>2</sup> See, for example, the conceptions of MacKinlay Douglas Ltd (<http://www.mdl.co.nz/Governance+Design.html>), the Information Processing Management Association (<http://ipma-wa.com>), the U.S. government (in the document “Designing 21st-Century Governance Mechanisms,” available at [http://www.whitehouse.gov/files/documents/ostp/opengov\\_inbox/newgovmech.pdf](http://www.whitehouse.gov/files/documents/ostp/opengov_inbox/newgovmech.pdf)), AKA Strategy (<http://www.akastrategy.com/services/governance-and-organization-design>), or Cognizant (<http://www.cognizant.com/InsightsWhitepapers/Governance-Model-Defined.pdf>).

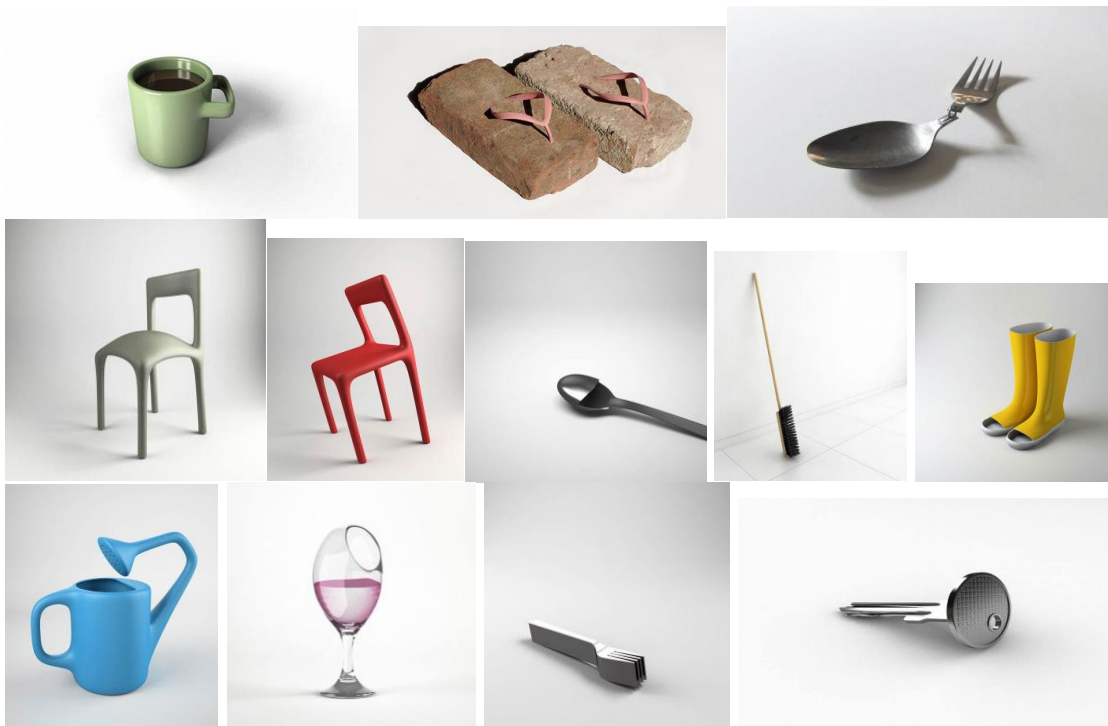
a solution. This stance is based on the following assumptions:

As an activity and a subject, governance design is both a science and an art; it is about the style and functionality of arrangements intended to create public value—style matters! The process of governing has to be functional and stylish because the latter corresponds to subjective dimensions of public value that are essentially aesthetic (and integrate and interact with other subjective or objective dimensions that are essentially functional).

The art dimension is always present, albeit subliminally, in scientific concepts; in particular, in the statement of assumptions and principles (often in line with what Herbert Simon (1946) called “proverbs,” but mostly in applying analytical models to concrete situations for analysis and institutional modeling).

The art/creation dimension lacks a more explicit and systematic treatment by the management literature, with a view to strengthening the functional rationality and aesthetics of governance system design.

Strengthening the functional rationality and aesthetics of governance system design is seen as a key challenge. Various arguments of multiple neo-institutionalist critics seem to support the notion that governments, in particular, have become, metaphorically “uncomfortable objects,” “vindictive and nasty” in the aesthetic sense, and (anti)functional—characteristics articulated by the architect Katerina Kamprani (2009) through her “uncomfortable” designs, shown in Figure 2.1.



**Figure 2.1.** The Uncomfortable (Kamprani, 2009)

Therefore, how can design principles, approaches, and tools be applied to governance system design? How can governance systems be prototyped and tested? These issues have been addressed in many different ways and under different epistemological hues. The science of design proposed by Gregory (1966), considered by the architect Richard Buckminster Fuller to be “a systematic way to design,” distinguished between scientific and design methods (Buckminster Fuller & McHale, 1965). Herbert Simon (1996: 111) considered design as a meta-discipline for all professions, a “science of the artificial”:

Engineers are not the only professional designers. Everyone designs who devises courses of action aimed at changing existing situations into preferred ones. The intellectual activity that produces material artifacts is no different fundamentally from the one that prescribes remedies for a sick patient or the one that devises a new sales plan for a company

or a social welfare policy for a state. Design, so construed, is the core of all professional training; it is the principal mark that distinguishes the professions from the sciences. Schools of engineering, as well as schools of architecture, business, education, law, and medicine, are all centrally concerned with the process of design.

Dorst & Dijkhuis (1995) distinguished between two major views of design. In the rationalistic perspective (also known as technical problem solving or a reason-centric approach), design is based on research and knowledge executed in a predictable and controllable manner, involving a set of methods and principles based on technical rationality, and with a view to optimization in relation to restrictions and objectives by means of prior planning involving the specification of sequential steps (Newell & Simon, 1972; Pahl & Beitz, 1996). By contrast, the action-centric perspective (also known as reflection in action, evolutionary design, or co-evolution) is empiricist and postulates that designers essentially resort to creativity and emotion in improvised processes, without a rigid sequence or pre-defined steps, and in which analysis, conception, and implementation are simultaneous and interrelated (Ralph, 2010). Both perspectives are based on research and knowledge, but differ with respect to methods; one stresses control and predictability of the process, while the other lays emphasis on the judgment and common sense of the designers themselves. In practice, there is substantial empirical evidence that the action-centric perspective is more plausible (Cross, Dorst, & Roozenburg, 1992).

The study and practice of public administration is viscerally related to the work of the institutional designer. Indeed, the famous Waldo–Simon debate<sup>3</sup> in a way raised the question of what kind of “design science” the field of public administration should be. On the one hand, Waldo (1955) postulated that public administration is the art of providing practical and useful advice on administrative challenges. On the other, Simon (1946), in line with his conception of a “science of the artificial,” idealized public administration as a contemplative applied science, based on formal modeling, quantitative hypotheses testing, and logical consistency providing intellectual control over design challenges. As reviewed by Barzelay and Thompson (2010: 295–297):

Simon got the field’s dimensions right but, by calling for the creation of an administrative science based on the canons of natural science, lost the emphasis on practice; Waldo got the emphasis on practice right, but the content of the field wrong. We would like to go back to that time and put the field on the right track, combining Waldo’s emphasis on normative, deliberative reasoning, which is central to management practice, with Simon’s notion of general management as a design science. ...

Designing practical interventions is largely a matter of combining known features in new ways. This process is sometimes described as the extrapolation or bricolage. But naming a process is not the same as explaining how to make it work. Some observers stress that this is largely a matter of understanding how to extrapolate a set of practices from a source site to a target site. Others have observed that better practices emerge from “deep craft”—from a thorough understanding of existing features and comprehensive knowledge of a domain or, as Bardach (2004) puts it, “superb command of the pieces in a toolbox.” That knowledge is not very helpful, however, if it is not combined with advice about how one goes about acquiring “a superb command of the pieces.”

Our set of prescriptions for giving advice about designing practical interventions consists of the following arguments: [to] learn from experience requires studying and analyzing experiences. Intuition and casual empiricism are not sufficient to attain intellectual control over experience. An experience is useful only to the extent that it provides the “know-how” to run (operate) or flesh out (develop) social arrangements for doing useful things (performing functions). Focusing on action independent of things is misleading, as is focusing on things independent of instrumental action—as is often the case with taxonomies associated with logic models: target groups, activities, resources, costs, inputs, intermediate outputs, final outputs, outcomes, results, or effects.

In summary, governance design is a practical field that brings together science and art; it cannot ignore science, or art; it is not an exclusively creative activity, nor solely a

<sup>3</sup> This is the exchange, concerning the field’s separation of values from facts, between Herbert Simon (who claimed a “lack of rigor” by Waldo) and Dwight Waldo (claiming “philosophical myopia” by Simon) ultimately published in the form of articles in the *American Political Science Review* in 1952. See, regarding this, Harmon (1989).

contemplative science based on positivist canons. Epistemological issues aside, it is thought that the science side is essential to some degree of “intellectual control” over the experience, and perhaps over creativity—which, in principle, generates tension, to the extent that it may limit innovation. With such tensions and limitations between science and art, reason and emotion, and going by the book and improvising, the designer of governance systems seeks to elaborate, in each development, a unique synthesis based on the interaction between a subject that creates and an object the understanding of which requires systematic knowledge. It is not art + science, it is science and art recreated, merged in a peculiar way in each experience.

### **Design thinking**

Typically, design methods involve divergence (the application of critical thinking in seeking alternatives), processing (redefinition of specifications), convergence (incremental or substantial improvement of legacy solutions by redefining specifications), sustainability (exploration, redefining, and prototyping solutions over time), and connection (between parts and the whole) to identify trends (trendspotting). “Design thinking” is a design creation methodology that proposes to go beyond style and functionality, taking needs and demands as a starting point and treating them as drivers of style and functionality. According to its originator, Tim Brown (2008: 86), the goal is “to match people’s needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity.”

Design thinking relies on our ability to be intuitive, to recognize patterns, to construct ideas that have emotional meaning as well as functionality, to express ourselves in media other than words or symbols. ... The job of the designer, to borrow a marvelous phrase from Peter Drucker, is “converting need into demand.” ...

The evolution from design to design thinking is the story of the evolution from the creation of products to the analysis of the relationship between people and products, and from there to the relationship between people and people. ... The mission of design thinking is to translate observations into insights and insights into products and services that will improve lives. ...

There is no “one best way” ... The continuum of innovation is best thought of as a system of overlapping inspiration (the problem or opportunity that motivates the search for solutions); ideation (the process of generating, developing, and testing ideas); and implementation (the path that leads from the project room to the market). (Brown, 2009: 16):

According to Adler, Lucena, Russo, Vianna, and Vianna (2011: 16), a design thinking process can be divided, but not sequenced, into:

*Immersion.* Divided into two parts, preliminary and in depth, this is when a team approaches a problem from many different perspectives and points of view. Preliminary immersion is when the problem is understood, based on a framework and both initial field research (exploratory research) and local and global references (desk research). In this phase, the various stakeholders are identified, in addition to the project’s scope and limits, providing inputs to the next stage, which is the in-depth immersion. In-depth immersion starts with a research project, following exploration of the problem’s context ... Thus, one can create inputs for the analysis and synthesis stage.

*Analysis and synthesis.* The data collected in the immersion phase ... must be submitted to an analysis and synthesis stage in order to be organized and create identifiable patterns, according to a rationale that allows understanding the problem at hand ...

*Ideation.* This is the stage when a target audience profile is defined for those who will be “served” by the solutions created based on innovative ideas for a topic of the project at hand. To do so, the synthesis created in the previous stages is used. In this stage, in addition to the multidisciplinary team involved throughout the project, other players are included, such as users (public) and professionals from the area, with a view to obtaining multiple perspectives and a richer and more diverse result. In this phase, brainstorming is done and co-creation sessions are held with the public and professionals from the area, generating ideas that will be captured. Here, bold ideas are welcome, so judgments are avoided. Critical sense should not inhibit the players involved, so it is promoted only for the discussion of

ideas.

*Prototyping* is the moment when abstract ideas gain formal and material content, to represent the captured reality and provide validation of all the learned content. Despite being presented as the final stage of the design thinking process, it can permeate the whole project and take place simultaneously with immersion, analysis and synthesis, and ideation. This is the stage when innovative solutions should be created, generating business opportunities, in the case of a company.

Thus, the design thinking method is perfectly applicable to the field of governance design. First, from the point of view of its essential pillars (desirability, viability, and feasibility), it proposes three basic principles: to be stakeholder centered (matching people's needs), executability (from a technological and institutional engineering point of view, according to constraints and opportunities related to the established rules), and feasibility (from the fiscal sustainability point of view). Note that "technical" and "political" aspects permeate and crosscut the three principles, to the extent that they entail dealing with the (re)creation of forms, boundaries, and content associated with refining preferences of various stakeholders around multiple issues, with diverse alternatives and different cost–benefit ratios.

### **A governance design prototype**

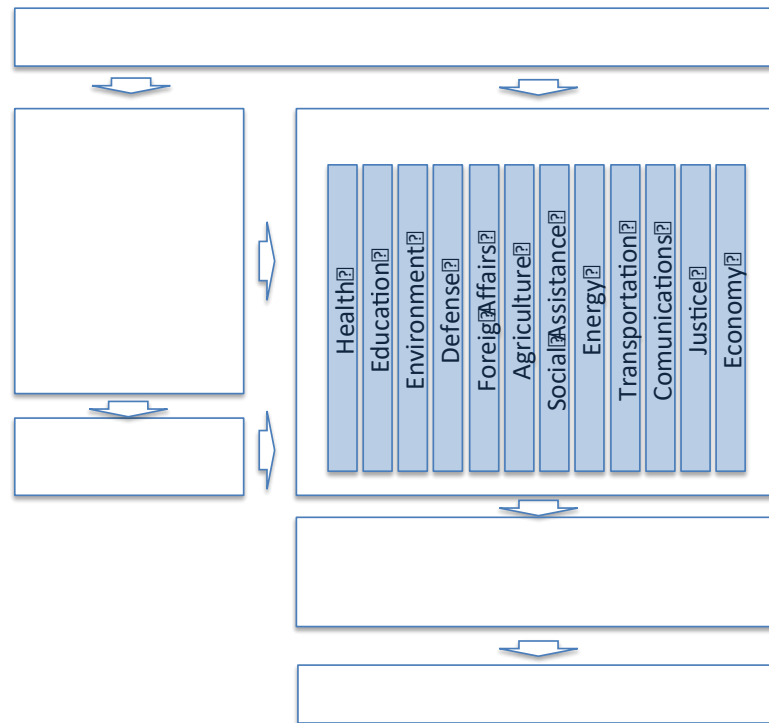
A prototype is etymologically a "primitive form," an early sample of something being created with a view to testing (the concept and production process), evaluation, and definition of specifications for future application in concrete situations in the real world (PC Magazine, 2012).

As observed above, governance, as a public-value generation process, is an object subject to different degrees of tangibility. However, prototyping governance drawings may not involve the development of physical prototypes (such as a scale model) for actual tests and simulations, but will consist of a proof of principles or concepts intended to test the potential of the design in question, with little regard for details of its intrinsic issues, components, or mechanisms, which should be the object of further prototypes. Thus, the prototype scheme presented here following should be considered as a proof of concept, a "concept–process for generating value," in line with concept objects. These objects, which often do not exist, are not expected to undergo tests or practical judgments at first, and no one as yet imagines them in everyday use—although they might, and should, indicate trends and be used, to some extent, in concrete situations.

### **Governance as usual: The conventional design**

Figure 2.2 illustrates an ideal type (in the Weberian <sup>4</sup> sense) of conventional governance design:

<sup>4</sup> An ideation that is not expected to have, in the empirical or normative prescriptive sense, a match in reality; instead, it lends itself to an analytical purpose.



**Figure 2.2.** Conventional governance model

The first feature of this design is that, as a whole, it reflects a systemic chain, in the sense that governance arrangements are “processing mechanisms” for society’s demands. That is, governments are one thing, and society is something else. The interaction between the two can be explained by systemic views of public policy, according to which policy is a response (what to do or what not to do) to inputs (values, visions, expectations, interests, demands) that are organized in some predefined way along a policy-making process, through political institutions constituting arenas around which issues are discussed, alternatives are built, and the authorizing power is triggered to approve a decision.

The second striking feature of this conventional governance model is how its “internal” operation takes place within governmental limits. First, these are formed by the center of government and line units (under varied nomenclatures, whether ministries, secretariats, departments, etc.) at different federal levels (central/national/federal, state/provincial, local/municipal/communal). The center of government is a set of units that supports the top level of government, usually the office of the main executive leaders (presidents, prime ministers, governors, mayors) (James & Ben-Gera, 2004), that performs trans- and macro-governmental functions, such as planning, coordination, monitoring and evaluation, policy management, performance improvement, and internal and external communication. The center of government does not provide services directly to citizens and is not responsible for a specific area of public policy—although it may perform other, specific functions, depending on the context (Alessandro, Lafuente, & Santiso, 2013). The center of government usually operates within a rationale of command, control, standardization, and resource allocation/optimization.

The sector units are the structures (broadly, organized arrangements that operate processes and use financial/budget resources, people, technology, and logistics) focused on generating results—more specifically, outputs, whether tangible (delivery of goods or provision of services) or intangible (policies, standards). In a conventional design, the line sector units are predominantly established according to public policy issues (health, education, etc.). In addition to operating “delivery,” each domain also leads to segmentation of the public policy management process, sectoralizing it by the same criterion of functional–thematic segmentation. Sector units operate under a predominantly technical rationale

(which is even more prevalent at the base), but are also part of the rationale of public policy formulation, including interactions with stakeholders, as well as a political rationale, which can range from political appointees in coalition governments to instrumental bargaining with multiple purposes.

The federative issue adds complexity to this design in at least two ways, though it does not substantially alter its rationale of sectoral action. The first complexity factor is the system of concurrent attributions that very often entail overlaps, gaps, and flare-ups, due to a range of factors that vary across the different public policy fields. The second complexity factor is the detachment of the federal design from “real regionalization,” according to the unique dynamics of territory development (at micro, meso, and macro levels) forming development axes that are increasingly multi-centric.

Finally, although almost an appendage of the center of government, the administrative support areas are also usually organized according to functional thematic segmentation: budget, finance, human resources, information technology, logistics and assets, etc. They operate under a technicist rationale and, like the center of government, through command, control, standardization, and resource allocation/ optimization.

Overall, this conventional model is essentially vertical, top down, unicentric, linear, fragmented, and segregational, in that it separates state from society. Specifically, its predominant vertical orientation by public policy theme ultimately creates silos, “departmentalism,” and “tunnel-vision” fragmentation (loss of coherence, consistency, and coordination among the different policies)<sup>5</sup> —but mainly the fragmentation of stakeholders, whose views, demands, and expectations permeate many public policy areas. The model is unicentric and segregational in at least two senses: it places the state as sole generator of public value to society, and most of the interaction between line units and society is mediated by the center of government. The top-down nature can be applied intra-governmentally, blocking sectoral flows of interaction with society that are established bottom up (i.e., from street-level bureaucrats) but also, in many cases, inter-governmentally, from the prevalence of central governments over other federal spheres. The conventional design is linear not only in a vertical sense, but because it reproduces a production rationale (input, processing, output) based on the product rather than the customer. This rationale is manifested in the procedural nature, in standardization, and in the inflexible universalism of procedures—hence the bureaucratic inversion of the submission of the line units to the bureaucratic requirements and whims of support units, instead of the latter being at the service of the former.

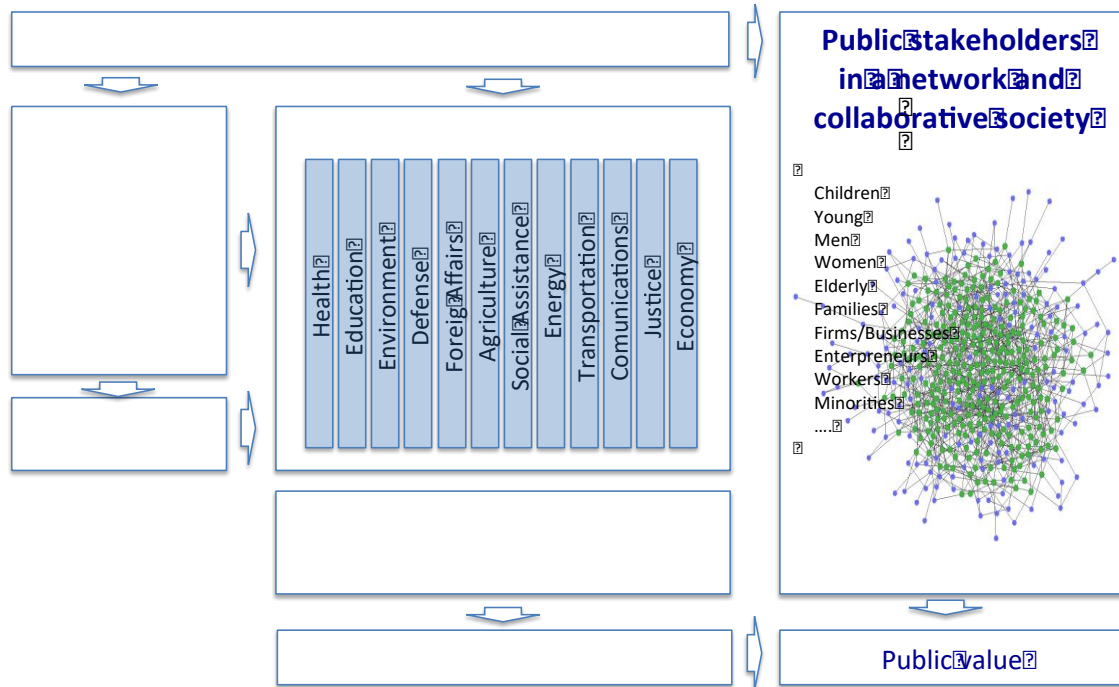
Metaphorically, the conventional model favors a strong head (not necessarily indicating intelligence) and features weak limbs (i.e., that struggle to perform coordinated movements). In light of design thinking dimensions, the prevailing concerns here are viability (“executability” according to the bureaucratic requirements) and feasibility (in terms of fiscal sustainability requirements) at the expense of desirability (ultimately, the value generated for stakeholders).

### **Unusual governance: The search for innovative designs**

An innovative design should, first, consider an essential element of the current context: a networked and collaborative society, as shown in Figure 2.3. The first innovative element of the design should be the new forms of interaction with the network society (which is more than an organized civil society, as noted in Chapter 1).

<sup>5</sup> According to Martins (2004), such a fragmentation phenomenon can be attributed to a lack of coherence, consistency, and coordination in the formulation and implementation of policies, programs, or projects. “Policy coherence” involves the systematic promotion of mutually reinforcing actions across the different government agencies, creating synergies for the achievement of common goals (OECD, 2003). “Policy consistency” means ensuring that individual policies are not internally contradictory and that policies that oppose the achievement of a certain goal are avoided or integrated. “Policy coordination” refers to getting the various policy-making institutional and managerial systems to work together congruently (Brinkerhoff, 1996). In short, integration means that policies should ideally support one another, or at least should not contradict one another (OECD, 2003).





**Figure 2.3.** Governance design in a collaborative society

This context overcomes, but does not fully reject, the linear systemic model of thinking about a policy formulation process. Society is no longer represented fully and unconditionally by the institutions usually involved in the policy-making process (rights-based organizations, parliaments, etc.). However, how can the clusters of stakeholders be defined and their views, demands, needs, expectations, and interests identified? How to interact with unstable, fluid segments and, at the same time, with institutions? How to interact in autonomous processes to generate public value? There are no exact answers to these questions, but there is a reasonable consensus that the interactions are not exhausted in the conventional thematic dissection of public policies, and that people do not typically see themselves reflected in the themes but as a whole that permeates various themes. The process of the signification of visions, demands, needs, expectations, and interests is essentially holistic and multisectoral. This changes the governance process. How might we establish a governance process clearly geared to this new interaction? Referring to design thinking, can we conceive of a governance model that starts from the desirability dimension? How can we then make sense of expressions and qualifications such as “stakeholder centered,” “people centered,” “whole of people,” or “people as a whole,” in addition to the “whole of government”? Who is society—its stakeholder groups, which represent clusters of views, demands, needs, expectations, interests (men, women, minorities, children, young, old, entrepreneurs, economic agents, etc.)?

Figure 2.4 illustrates the requirement to model horizontal movements in the form of value streams and horizontal flows of public value, in order to intensify and direct the work (horizontally) to the stakeholders.

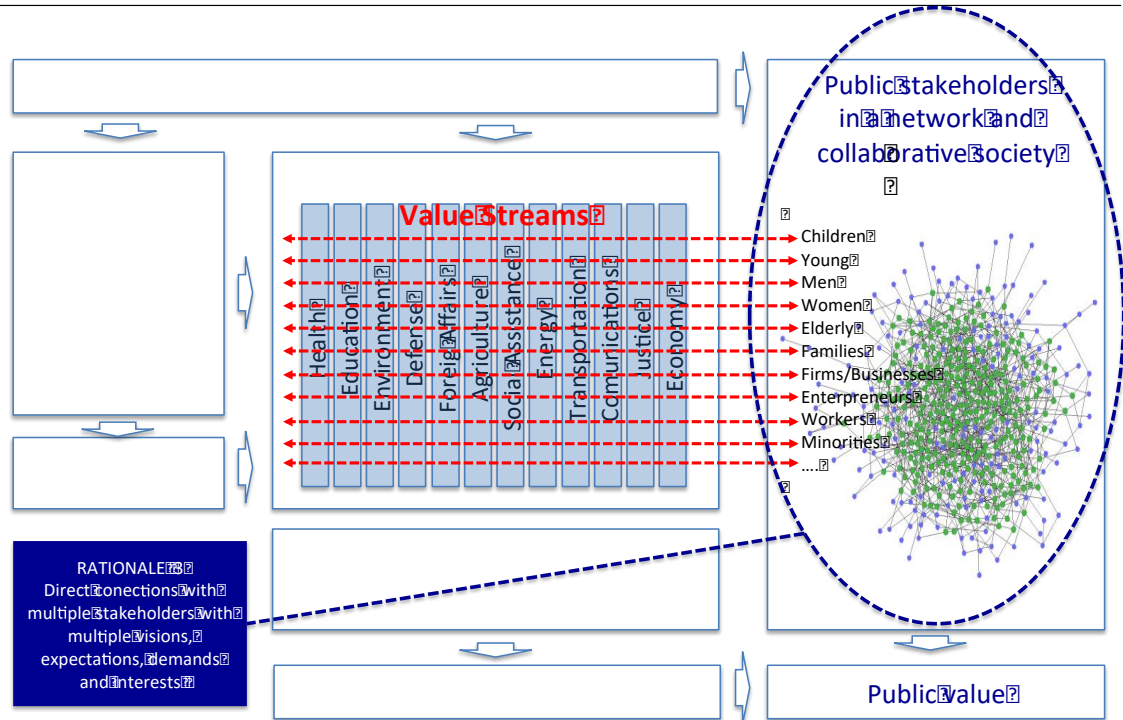


Figure 2.4. Horizontal governance design

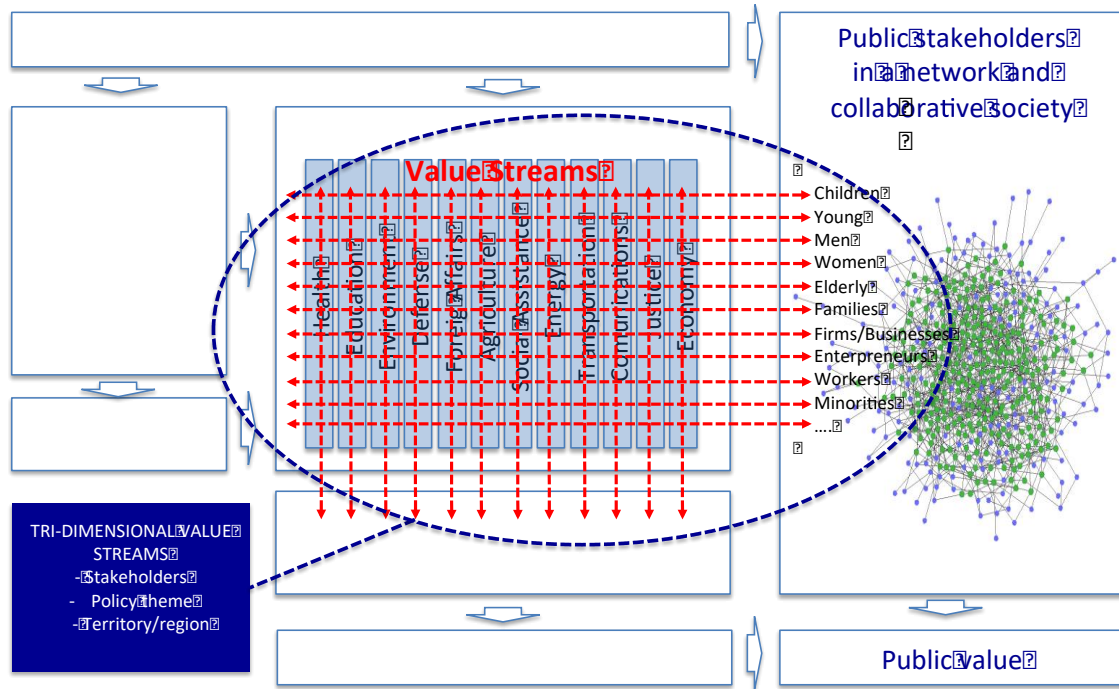
There are, in fact, several ways of working horizontally that are more or less conventional and that coexist with the aforementioned vertical dominance, especially under what has been coined “joined-up government” and “whole of government” (Christensen & Lægheid, 2007), “horizontal government” (Peters, 1998), and new forms of coordination (Bouckaert, Peters, & Verhoest, 2010): project management<sup>6</sup>, internal and external groups, task forces, committees, and the like. These involve formal coordination mechanisms, but other integration factors may also facilitate horizontal work, such as executive leadership, strategy, mutual adjustment, structure, processes, information systems, technology, and people (Martins, 2004). In any case, the core of the argument here is that horizontal work is not always focused on stakeholders; it often represents an assortment of themes and micro-issues, areas that sometimes mask the stakeholders’ perspective.

“Value streams” are flows integrating formulations and implementations (projects, processes, actions, etc.) that seek to guide/direct, organize, and integrate the intra- and extra-government work horizontally and vertically for stakeholders, with a view to modeling and maintaining as stable a public value-generating flow as possible, which is mostly unstable and emerging, taking into account the dynamics of stakeholders and their context. At the intra-governmental level, the concept applies to horizontal integration between various crosscutting initiatives such as projects, processes, and elements of the structure (groups, committees, etc.); and, for vertical integration, seeking to define the contribution of line units responsible for implementation.

This brings us to a matrix approach to governance, as illustrated in Figure 2.5, which complements the one originally proposed by Marini and Martins (2008) in at least two ways: first, it is based on the intersection of value streams and executing units, not just on the

<sup>6</sup> One of the most appealing horizontal management mechanisms is the “delivery unit,” which draws on project management, monitoring, and evaluation concepts. There is evidence that their performance can be an important leverage factor in the performance of governments, with certain limitations and requirements: “Delivery units generally start from the premise that there is at least reasonably solid inter-ministerial collaboration, at least at the senior civil service level, around centrally led objectives, achieved through a robust program budget and cabinet system. Moreover, delivery units do not link better results with additional resources, keeping discussion of the budget separate from problem solving in delivery. Without this, the discussion about performance often focuses narrowly on inputs, and particularly resource availability. ... [D]elivery units are often positioned so as to regularly advise senior policymakers, and potentially foster or craft solutions ... It is important for the unit to have full support from the highest executive level, with most located close to, and enjoying the direct patronage of, the President or Vice President” (World Bank, 2010: 8). More broadly, it is also worth mentioning the so-called “science of delivery,” which sets out “to ensure that projects or interventions have adequate monitoring and evaluation ... mechanisms, and to ensure these are linked to feedback loops to ensure management of expectations, continual learning, experimentation, results monitoring, and redesign based on experience” (Wessal, Truth, & Wescott, 2013).

intersection of the strategy with the implementing structure; and, second, it seeks to address the issue of horizontal and vertical integration more than the issue of horizontal and vertical alignment. And, in the present case, it is a three-dimensional matrix, as it seeks to combine value streams and line and local units, and adds the issue of multilevel governance to this arrangement.



**Figure 2.5.** The governance matrix

Matrix conceptions are not new, particularly when applied to organizational structure, combining two or more departmentalization criteria. However, our consideration here is not just the structure but also a governance design that is multidimensional. Nonetheless, there is a reason why the matrix is inevitable: complexity. Even when it comes to structure, complexity requires a combination of criteria. Kesler and Schuster (2009: 17 cited, regarding this, the following quote from Peter Drucker (1973):

The best structure will not guarantee results and performance. But the wrong structure is a guarantee of nonperformance. [Drucker had advised that organizational structure should only be as complex as it needs to be. But, as early as the mid-1970s, he argued in support of the matrix:] It will present greater difficulties than either work-focused or result-focused design. But there are organizational problems where the very complexity of relationships makes [a matrix] the only appropriate design principle.

Beyond structure,<sup>7</sup> Kesler & Schuster (2009: 25) also observed:

Operating governance is a challenge in the complex, matrix organization, but it is a critical part of making the matrix work. Organization design is not complete until robust governance tools are designed in. Create a framework to bring those practices together into a coherent whole. Tie practices to the business strategy to assure the right functions, businesses, and geographies interact in a way that serves the objective. Use four lenses to design balanced power in the matrix: beliefs systems, boundary systems, diagnostic controls, and interactive practices.

To “work the matrix” means to model it and to work in it. This is not insignificant, and, at this point, we should acknowledge the need to capture complexity, in order to attempt the simplest possible design matrix. The matrix is a hyper-intensive form of integration. It is necessary to create “steroids” (performance-enhancement elements) that augment the

<sup>7</sup> See also Ludwig (1970), Tavis (2013), Likert (1976), Andrew (1983), Laurent (1981), Sy and D’Annunzio (2005), and Lawrence, Kolodny, and Davis (1977).

resources of “joined-up government,” “whole of government,” and integration factors (executive leadership, strategy, mutual adjustment, structure, processes, information systems, technology and people) to make the matrix work in a “whole of people” perspective, directing value streams to stakeholders.

In order to organize and direct the horizontal work, value streams play the role of a membrane: regulating exchanges and interactions, and serving as a hub for stakeholder representation and participation channels (through mechanisms such as forums, councils, conferences, round table dialogues, thematic chambers, meetings, working groups, participatory planning and budget, etc.), for interaction (social networks, co-creation workshops, open spaces, etc.), for transparency (active and passive access), for listening and receiving complaints (petitions, complaints, ombudsman, hearings, consultation, etc.), and for value induction (induced formation and/or support to autonomous governance networks). Thus, an extra- and para-governmental function is fulfilled, working the matrix towards the outside and from the outside.

Trommel, Verschuere, and Brandsen (2014:1) summarized the dilemmas and potential of value induction as follows:

A large collection of buzzwords accompany this resurrection of the civil society discourse: social responsibility, citizenship, big society, activation, participation, and horizontalisation—to name only a few. A firm belief in civil society as a solution, as a more effective alternative to the welfare state and market arrangements is feeding the current debate on how to solve pressing social problems. ...

[C]ivil society should be revived, revitalised, and reinvented. States have started encouraging citizen participation, co-production, and self-organization; involving civil society organizations in public service delivery; encouraging civil engagement and good behaviour in publicity campaigns. It brings states and civil society into a new kind of relationship that some will view with suspicion. ...

[T]here are two respects in which a historically distinct, if not unique, character has been attained. Firstly ... the role of government has essentially changed. Barring some exceptions, it has rarely been as powerful as it is today. Secondly, its ambition is not only to co-opt or integrate, but also to recreate civil society. To put it provocatively, public governance in modern welfare states is now looking for methods to reinvent (or revitalize) “the social element.” Ambitions include a large-scale reconstruction of local communities, civil society, and citizenship by giving public responsibilities to citizens and third-sector organizations. Simultaneously, relationships with citizens, communities, and third-sector organizations are cast within the mould of public management. ...

The search for civil society from above may lead to what [the first author] has described [earlier] as “greedy governance” aiming at manufacturing a civil sphere by means of public interventions. This may easily destroy what it intends to promote: a lively, self-governing civil society. The recreated communities may not be able to exist without government support. ...

To examine government–civil society relations, we must move beyond the simple “adversarial versus integrated” distinction that still forms much of the literature. The effects of efforts to recreate or reshape civil society hinge on the interfaces between the institutional architecture of modern society (with a dominant position for government and quasi-governmental institutions) and the emerging dynamics of a late-modern network society (with a diverse and heterogeneous civil society with hybrid relationships with government as a result of public management paradigms that have shifted over time).

What’s more, interaction with society can greatly benefit from groundbreaking information and communication technologies,<sup>8</sup> enabling multiple innovations and insights in terms of participatory and interactive democracy (“idemocracy”) (Hassard, 2009).

The search for innovative designs should make governance more horizontal, two-way, integrated, interpenetrated in society, and stakeholder oriented. One way to achieve this is

<sup>8</sup> See, for example, the experience of South Korea with the transformational government initiative Government 3.0 (E-Gov 3.0), relayed at <http://www.gov30.go.kr/gov30/index.do> (in Korean).

through the modeling of value streams to optimize horizontal work, the induction of self- and co-creation of public value with transparency, openness, and permeability—in short, a model that brings together the requirements of desirability, viability, and feasibility.

### Public value design

Governance design is a way to conceive how government (taken here to mean public power) and society should be arranged to generate public value, and thus match the values, needs, expectations, and interests of public stakeholders. This chapter sought to characterize two distinct governance models, which are at once opposite and complementary, as a proof of concept. Many governance models around the world possess characteristics of both of these models, but identify more with conventional design.

The limitations of conventional design, in terms of style and functionality, are intrinsic and contextual. Closed, opaque, self-oriented governments are devoid of style, even if they work—in the sense that this aesthetic judgment is coupled with a normative judgment of principles present not only in the contemporary literature, but in the moral interpretation of citizens and economic agents. On the other hand, from a contextual point of view, the urgent need to optimize functionality with a view to better performance levels, providing speed and greater predictability in meeting demands and expectations, matches the increasing complexity of contemporary society.

This is not a “retrofitting”<sup>9</sup> or “upcycling”<sup>10</sup> of conventional governance models, but an acknowledgment of the need for high doses of innovation, not only to devise alternative designs but also (and principally) to implement them.

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<sup>9</sup> “Retrofit is a term used ... to describe a process of reversion, or... to describe the process of modernization of some equipment already considered outdated or out of standard ... in the sense of renewal, or upgrade, while maintaining the inherent characteristics of the retrofitted object” (<http://pt.wikipedia.org/wiki/Retrofit>).

<sup>10</sup> “Upcycling is the process of turning ... useless and disposable products into new materials or products of higher value, use, or quality. It employs end-of-life materials ... and gives them new uses. [By comparison,] recycling ... uses energy to destroy the form and then turn it into something new” (<http://pt.wikipedia.org/wiki/Upcycling>).

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