

Microfoundations, Microfoundations

Addressing 'Big Questions' through a Behavioral Approach toward Public Administration

Concept Paper

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"What is at stake is not only efficiency, but also democracy."

Herbert Simon, 1998, p. 11

Public administration scholarship has lost sight of its 'Big Questions', numerous prominent scholars have argued (e.g., Milward et al. 2016). In reviewing the recent 'Big Questions' critique literature, I kept wondering, what are 'Big Questions'? The role and design of government seem to be a re-occurring theme, referring to institutional design and normative values of what government institutions ought to do and its consequences for society. Of course, the way in which government institutions should be set-up and their scope in service delivery is only a small portion of what can be considered as a 'Big Question', albeit to me this seems to be one of the most tangible themes.

Next, I wondered about how to rigorously¹ study 'Big Questions'? First, I thought about how we can experimentally manipulate institutions to observe their causal effect on desirable outcomes. Which governor would allow us, for instance, to randomly privatize state services across places and compare it against an experimental control group? It is clear that this is not going to happen anytime soon due to political, economic, and ethical concerns. However, one possible way would be to consider the microfoundations of 'Big Questions'² instead. In this essay, I argue that 'Big Questions' are inherently micro and, therefore, some important elements of these questions can be rigorously tackled through what has been labeled as the 'behavioral approach toward public administration' (Grimmelikhuijsen et al. 2017). In this sense, behavioral

¹ I refer to research methodologies that have a high level of internal validity as empirically rigorous. I chose this definition because of my conviction that we would need internally valid evidence to 'speak truth to power', seeking to take the guesswork out of policy-making. One may argue that much internally valid research is not necessary externally valid, but in order to generalize reliably to other settings (for example via replication) evidence needs to be internally valid otherwise we would risk generalizing bias.

² The microfoundations of 'Big Questions' are defined as the behavioral foundations and implicit assumptions inherent to a particular 'Big Question'.

public administration does not represent a move toward studying narrower questions with greater precision, but a unique opportunity to assess broader institutional changes at the individual level where, on the one side, changes in institutional design unfold most of their effects, and, on the other side, assumptions about human behavior are made. Examining these microfoundations would allow public administration scholars to explicitly assess 'Big Questions' by producing a cumulative evidence base at the individual level through research programs that are embedded in 'Big Questions'. In other words, Simon's vision of public administration as a design science would become compatible with Waldo's ambition to understand big questions that address normative values and larger societal shifts.

In the following, I will provide an example of how the microfoundations of institutional design and normative questions about the scope of government can be addressed at the individual level. Here, I will focus on the 'Big Question' of whether and to what extent public service delivery should be privatized. Indeed, in past decades we have witnessed a privatization wave of formerly core governmental functions which not only includes the privatization of state-owned entities, but also the creation of quasi-markets in which private, often for-profit, providers compete for contracts and/or customers. Within many policy fields, the state has changed its role from a provider of public services to a regulator of the frameworks within which these services are provided. Consequently, the state has become less visible for ordinary citizens and direct interactions between citizens and those agents that represent the state have largely decreased. Examples range from education, or healthcare, to infrastructure services like water, or electricity, and even municipal waste-collection services.

While arguments about efficiency gains in the realm of the New Public Management have guided most of these developments and consequently a large share of the empirical literature, one important 'Big Question' is what are the democratic consequences of the shifting scope of the state? In other words, has downsizing the presence of the state in our daily lives, combined with an increased prevalence of for-profit service providers, negatively affected citizens' views towards government institutions, including perceptions of legitimacy and institutional trust, and ultimately changed how people exercise democratic citizenship?

Theories of state building provide a theoretical starting point for such a research program. Public services have had a crucial role in state building processes of Western societies, as they make the state visible to its inhabitants via processes of state penetration (see also Van de Walle and Scott 2011). By establishing 'state infrastructural power' (Mann 1984), nation-states gain legitimacy in the eyes of citizens because they provide tangible services to them. Does downsizing the presence of the state in service delivery result in some sort of reverse state-building process? By this, I mean that citizens would perceive a retreating state as less legitimate because the state would be perceived as decreasing its efforts in fulfilling the social contract. Consequently, citizens may grow cynic toward the state, increase negative attitudes toward government and be less likely to engage in citizenship behaviors, like co-production³. Another possible mechanism would be that citizens would feel 'marketized' in instances where private, for-profit providers provide public services to them. Here, they would act as consumers rather than citizens (in a civic republican sense). Indeed, research in behavioral economics asserts that market interactions can crowd-out moral values (Falk and Szech 2013), and private sector ownership is typically associated with lower employee pro-social outcomes (Gregg et al. 2011). A third possible mechanism would be that people are less likely to make pro-social contributions if partners cannot ex-ante commit not to expropriate their labor. Engaging in co-production efforts with private, for-profit companies would lead service providers to increase their profits, hence citizens would be less likely to coproduce public services in partnership with them.

³ In this essay, I refer to co-production of public services as an individual's contribution to public goods that is brought about in partnership with service providers. Public goods (in a strict sense), are non-excludable and non-rivalrous in consumption so that all can enjoy any individual contribution, and not contributing does not leave individuals to not being able to consume the respective public good. Examples include the cleanliness of streets, or public safety.

In a current study together with Oliver James from the University of Exeter, we put the microfoundational question whether the private, for-profit provision of public services decreases citizenship behavior to the test (James and Jilke 2018). We designed a series of survey experiments in which we presented various service failure scenarios of local public goods to citizens and asked them whether they would step in, as a one-off initiative, to co-produce the service. We randomly presented an ownership cue of the respective service provider to study participants, being either the municipality itself or a contracted private, for-profit provider. Because the services we chose were public goods in an economic sense (i.e., non-excludable and non-rivalrous), people's co-production efforts can be seen as a form of citizenship behavior (see also footnote 2). We find that participants across three independent samples were significantly less likely to coproduce poor services when the service provider in question was a private, for-profit one.

Does this one study provide sufficient evidence to claim that privatizing public services crowds-out citizenship behavior, and ultimately democratic legitimacy? No! But also Rome wasn't build in a day. What this study does, however, is to provide proof-of-concept for a research program that examines the behavioral implications of privatization reforms that ultimately aims to answer the 'Big Question' of what the democratic consequences of the shifting scope of the state are. In this sense, a research program that builds around a particular 'Big Question', instead of conducting yet another experiment that documents that cognitive biases also exist in public administration, would ideally help to make public administration research relevant again by providing public administration scholars with the necessary evidence to 'speak truth to power'.

Microfoundations link 'Big Questions' to behavioral public administration research (see also Jilke 2015). Moynihan (2018) has argued that 'bridging concepts' like 'administrative burden' would be needed to link a 'Big Question' to individual-level research. While I agree with this observation, in this essay I argue that (almost) every 'Big Question' has its very own set of microfoundations which can be assessed rigorously (at least most of the time) at the individual level. In other words, 'Big Questions' are inherently micro and thus are 'bridging concepts' themselves. The microfoundations of 'Big Questions' represent a transition belt between a Waldonian conception of Public Administration research that ought to respond to normative values and larger societal shifts, and a Simonian view on Public Administration as a design science.

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