AARHUS UNIVERSITY

Coversheet

This is the accepted manuscript (post-print version) of the article.

Contentwise, the post-print version is identical to the final published version, but there may be differences in typography and layout.

How to cite this publication

Please cite the final published version:

Villadsen, A. R. (2017). Where do policy innovations come from? [Review of *Bureaucratic ambition: Careers, Motives, and the Innovative Administrator* by Manuel P. Teodoro. Johns Hopkins University Press: Hardback, 240 pages. Published in December 2011]. *Journal of Public Administration Research and Theory*, 27(4), 716-718. doi: 10.1093/jopart/mux017

Publication metadata

Title: Where do policy innovations come from? [Review of *Bureaucratic ambition: Careers, Motives, and the Innovative Administrator* by Manuel P. Teodoro. Johns Hopkins University Press: Hardback, 240 pages. Published in December 2011]

Author(s): Villadsen, A. R.

Journal: *Journal of Public Administration Research and Theory*, 27(4), 716-718

DOI/Link: <http://dx.doi.org/10.1093/jopart/mux017>

Document version: Accepted manuscript (post-print)

General Rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognize and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Where do policy innovations come from?

Review of *Bureaucratic ambition: Careers, Motives, and the Innovative Administrator* by Manuel P. Teodoro. Johns Hopkins University Press: Hardback, 240 pages. Published in December 2011. \$ 48.

Anders R. Villadsen
Aarhus University

Organizations continuously need to balance competing needs for stability and change. Stability is required to routinize processes and achieve higher levels of efficiency. Change is needed to adapt to environmental changes and new demands. March (1991) coined this a balance between organizational “exploitation” and “exploration”. Research in general management and strategy has explored this topic and how organizations, in different ways and with different results, seek to balance opposing needs for exploiting already developed capabilities with exploration efforts targeting innovation and change. Relatively little research has explored this topic in the public sector. Instead, the public sector has traditionally been associated with organizational stability. The Weberian bureaucracy values organizational efficiency and impartiality by disassociating positions and the people who occupy them. Bureaucrats are not expected to innovate or move “outside the box” but to work according to rules and procedures that ensures stability in problem solving and service delivery. Yet, organizations in the public sector also work in a dynamic world where demands and expectations are evolving, and change and adaptability are often not options but requirements. How public sector organizations address the exploration challenge still remains relatively understudied, and we know remarkably little about why some public organizations seem to embrace innovation much more than others.

In his book *Bureaucratic Ambition: Careers, Motives, and the Innovative Administrator*, Manuel P. Teodoro sets out to investigate this question. Teodoro takes a mostly individual perspective and explores the role of top managers in shaping stability and change in organizations. This perspective is aligned with upper-echelon theory and the idea that organizations are reflections of their top management (Hambrick & Mason, 1984). The main argument is that public managers (mid-level bureaucrats) come with different motives and work in different incentive structures which together spark their likelihood of entrepreneurial action. As Teodoro also recognizes, focusing on individual executives as policy entrepreneurs is not a new idea. For instance, in his fundamental treatise on bureaucracy, Wilson (1989) notes that remarkable policy entrepreneurs drive change. The main contribution of Teodoro’s book is that it outlines a theory of policy innovations to explain why some organizations embrace innovations while others hardly ever change. While we have seen studies predicting elements of change in public organizations, few scholars have sought to present a coherent theory taking into account both individual motives and contextual factors. As such, *Bureaucratic Ambition* is a welcome contribution to our understanding of public organizations.

To change or not to change...

Scholars have for decades been interested in understanding organizational change and development over time. Many different approaches, theoretically and methodologically, have been employed in this

endeavor. Some studies have focused on the role of individuals (or groups of individuals) and their objectives, values, and power while others focus on organizations and their needs and requirements. Already in the title, *Bureaucratic Ambition* positions itself somewhere in the middle of this debate. That organizations are important is signified with the word “bureaucratic” which relates to a distinct organizational form element. “Ambition” on the other hand is more agentic and focused on the individual who may (or may not) be ambitious. This duality between the *bureaucracy* that in its very nature is stable and durable, and *ambition* that is individual, change-oriented, and challenging status quo, is what makes innovation in public organizations extremely complex. When are the bureaucratic forces strong enough to maintain status quo? When are ambitious individuals persistent and savvy enough to implement innovation and change? Or, put in March’s words, how is the balance point between exploitation and exploration decided over time (March, 1991)?

In *Bureaucratic Ambition*, Teodoro proposes that ambitious managers drive policy innovation. Ambition is a function of the opportunity structure in which a manager exists and the motives that he or she carries to the job. More elegantly phrased in the book, “ambition occurs when the motivational rubber meets the opportunity road” (p. 72). These two main building blocks, opportunity and motives, also reflects the multi-level dynamic that shapes change. Intra-personal motives work together with an externally generated, inter-organizational opportunity structure.

The opportunity structure, which, according to Teodoro, is important in shaping ambition, is the incentives provided by the labor market. Some bureaucrats work in organizations where new managers are promoted from within. Such a vertical labor market values consistency and the ability of employees and managers to follow organizational expectations. This type of organization, in March’s typology focuses on exploiting existing capabilities to ensure stability, predictability and efficiency in its operations.

Other organizations tend to hire new managers from outside. Bureaucrats existing in a labor market where diagonal careers, or ramps, are the norm face a completely different incentive structure. Here policy innovations is rewarded in the market, and organizations are likely to hire new managers that have proved themselves effective in implementing organizational changes. The balance consequently tips, and bureaucrats in these labor markets explore new opportunities rather than exploiting old certainties. Teodoro proposes that bureaucrats in diagonal labor markets pursue policy innovations because it demonstrates competence and positions them for future career moves. Bureaucrats in vertical labor markets are agents in traditional principal-agent relationships who are rewarded for behavior that complies with norms and expectations. Teodoro argues further that labor market differences are only half the explanation of policy innovation. Where opportunity structures predict the direction a bureaucrat takes an organization, individual motives (or needs) explains the strength of the force with which he or she does so. To make this argument Teodoro draws on research in psychology. More specifically, it is proposed that bureaucrats with high needs for power and high needs for achievement are more likely to strongly pursue policies activities. Those with strong achievement motives are more likely to prosper in diagonal labor markets where innovations are rewarded, whereas those with strong power motives are more likely to succeed in vertical structures where power and influence is gained with internal promotions.

What the reader learns and does not learn

Bureaucratic Ambition is a well-structured book. To me, chapter 3 is the most compelling chapter in the book where the theory of bureaucratic ambition is outlined in detail. The theory is original, at places thought-provoking, but consequently firmly grounded in existing knowledge. By paying due respect to the work that he builds on, Teodoro is able to make his own contribution clear. A good theory should provide some degree of order in the complex social world. Teodoro's theory does just that. Drawing on explicit assumptions about rationality as well as disparate strands of literature, *Bureaucratic Ambition* offers a compelling and plausible explanation for why some bureaucrats pursue change and others not. The theory chapter ends with a number of empirically testable hypotheses that aids in bridging the abstract theoretical world with empirical realities.

Theories need to provide order in chaos. In doing so they have to focus more on some things than other. This is also the case here. Teodoro's theory outlines why and how bureaucrats may pursue innovations. However, in taking this focus he also plays down the role that organizations play in shaping their own development. For instance, Greenwood and Hinings (1993), in their study of change in English local governments, find that local government organizations tend to conform to organizational patterns or "archetypes". That is, organizations of a certain type are likely to pursue changes that are congruent with their distinct archetype. Other types of organizations conform to different archetypes, and are consequently likely to pursue different types of change efforts. This theory thoroughly downplays the roles that actors, bureaucrats, play in designing and promoting change and highlights how field-level institutional forces are important. Where Greenwood and Hinings (and other studies in the sociological institutional tradition) may be criticized for being too structural, *Bureaucratic Ambition*, on the other hand, may be too agentic in its focus. There is little room in the theory for organizational differences in their needs for change, for instance, caused by history or idiosyncratic challenges. It would be interesting to see what happens when bureaucratic ambition meets different types of organizational requirements. We see some hints of these types of dynamics in the case studies presented in chapter 2, but they are less visible in the theorizing and the quantitative studies.

Bureaucratic Ambition is not a theoretical disposition. Besides its strong theoretical grounding, the book also presents some fascinating empirical studies. Teodoro should be commended for combining illustrative case studies with more classical deductive analysis in the later chapters. The cases in chapter 2 provides examples of bureaucratic ambition "in action". The cases are easy to follow and provide the reader with a good understanding of not only the main topic of the book but also the contexts of water utilities and police departments in the United States. As a non-American reader, I found these cases very useful; enough detail was provided to allow me to compare and contrast with local contexts that I am more familiar with.

In chapters 4 through 6, a series of three empirical studies tests the hypotheses presented in chapter 3. While the results lends support to the theory, I find the studies equally useful in showing how the theory can be operationalized. This is an important step to link to future studies in this area of research. The empirical studies draw on relevant data that seem to have been meticulously collected, and Teodoro does a nice job in carefully interpreting results. While results are consistent with the theory, I do think studies that are more robust are needed to further substantiate the findings. For instance, in chapter 4 it is tested whether policy innovations are more likely when managers follow diagonal career paths (as predicted in the theory), yet the study cannot forcefully rule out reverse causality and that

when organizations are in need of innovations they hire managers from the outside. The difference may appear subtle but the theoretical mechanism driving change would be different.

Where do we go from here?

Organizational innovation and change is one of the most elusive topics in organizational research. Organizations constantly balance opposing needs for exploiting what they are good at with exploring new ways of doing things that correspond with changing environments. *Bureaucratic Ambition* provides a compelling theory that provides explanation for why and how organizations accomplish this balancing act in different ways.

After the book is closed, the reader does not sit with a feeling that everything about organizational stability and change is now explained. Indeed, no single book would be able to provide such a feeling. I finished the book with a feeling of being more enlightened but also with a lot of questions and inspiration about where research might go next.

As mentioned, the book recognizes that individuals and organizations together shape the need and implementation of policy innovations. To some degree, this is also reflected in the empirical analyses, for instance when organization size and location is brought into the picture. Still, I miss a greater attention to organizational differences, and how organizations to different extents may be in need of (or desire) innovation. What happens if an ambitious bureaucrat ends up in a place with little need for change? Will she pursue change anyways? Will such unnecessary change be less valued in the future labor market?

It might also be interesting to take a closer look at the policy innovations that are implemented (or not implemented) and their consequences. Teodoro does recognize that adopting innovations in professional organizations is often as much about conforming to expectations as it is about improving effectiveness. Institutional theory would tell us that ceremonial changes might not yield great results. Does that affect subsequent career outcomes?

Finally, while developed and tested in an American setting, the theory that is proposed is not country-specific. It is developed based on basic human motives and variation in career structures that can be found around the world. I think it would be interesting to see comparative work in this field. This could illuminate how different cultures or political systems work similarly and differently. The mechanisms underlying organizational change and innovation are important to understand, as they are the basis for future organizational development. Especially in developing countries where public administration is still maturing, understanding forces of change and stability is important. Bureaucratic ambition may not be the only explanation but seems like a plausible part of the puzzle.

Bureaucratic Ambition is a timely book that contributes to our knowledge in important ways. It is very accessible and should be read by audiences interested in increasing their understanding of organizational life in government agencies. Further, it is a great example of how knowledge of public administration can be advanced by drawing on different methods and, not least, different disciplinary literatures. Research from public administration, political science, and psychology is combined to

provide a theoretical account that provides useful insights, actionable knowledge, and inspiration for future research.

REFERENCES

- Greenwood, R., & Hinings, C. R. (1993). Understanding strategic change: The contribution of archetypes. *Academy of Management Journal*, 36(5), 1052-1081.
- Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206.
- March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2(1), 71-87.
- Wilson, J. Q. (1989). *Bureaucracy: What government agencies do and why they do it*: Basic Books.