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Explaining Positive Deviance in Public Sector Reforms in Development

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Summary. — Public sector reforms are commonplace in developing countries. Much of the literature about these reforms reflects on their failures. This paper asks about the successes and investigates which of two competing theories best explain why some reforms are positive deviants: "solution- and leader-driven change" (SLDC) and "problem-driven iterative adaptation" (PDIA). The theories are used to analyze data emerging from a case survey involving thirty cases from Princeton University's Innovations for Successful Society (ISS) program. The bulk of evidence from this study supports a PDIA explanation, but there is reason to believe that SLDC hypotheses also have value.

Key words — development, leadership, reform, governance, innovation, case survey

1. INTRODUCTION

Public sector reforms are commonplace in developing countries. Much of the literature about these reforms reflects on the failures (or limited successes) of the interventions, and continued weaknesses of governments after reform interventions are complete (Pritchett, Woolcock, & Andrews, 2013). This paper asks about the successes; instances where reforms have led to more effective solutions to public sector problems than is normal. One might call such successes the "positive deviants" of public sector reform. Building on the positive deviance approach to understanding and facilitating change, the paper aims to explain the strategies that are associated with these abnormally successful interventions (Pascale, Sternin, & Sternin, 2010). The goal is not to provide a final test of any one theory of effective reform, but rather to offer a systematic, evidence-based analysis that helps to better construct such theory.

The first part of the paper discusses past experience with reforms and the fact that successes (instances where reforms lead to more functional governments that solve problems) are the exception, not the norm. It refers to such exceptions as "positive deviants" and explains the underlying rationale behind the positive deviance approach. This gist of this approach holds that understanding the strategies leading to positive deviance can help inform more general success. Building on past work (Andrews, Pritchett, & Woolcock, 2013; Bond & Hulme, 1999), the discussion then proposes competing theories to explain why some reforms are positive deviants. These theories are called "solution- and leader-driven change" (SLDC) and "problem-driven iterative adaptation" (PDIA) (Andrews, 2013a, 2013b):

- SLDC proposes that abnormal success results when reforms are introduced through a disciplined, formal project process: solutions are fully identified up-front and are the focus of change; the reform is fully planned out at the start and implemented as planned; a champion drives the process; and a pure-form best practice solution is produced.
- PDIA suggests that abnormal success results when reforms are introduced through an iterative process more reflective of "muddling through": change is motivated by a problem, not a solution; the reform content emerges through a process of experimentation and trial and error; with multiple agents playing different leadership roles; producing a mixed-form hybrid that is fitted to the peculiar context.

The second section reports on an empirical study intended to shed light on which theory (or parts of the two theories) best explains positive deviance in public sector reforms in development. The study employs a case survey method to synthesize evidence in 30 case studies published by Princeton University's Innovations in Successful Societies (ISS) program. The research method and case sample are introduced and the survey results are discussed. The discussion shows that the bulk of evidence supports a PDIA explanation, but there is reason to believe that SLDC hypotheses also have value. It seems that PDIA and SLDC are two viable paths through which positive deviance can emerge, but PDIA is a far wider path that accommodates and fosters positive deviance more readily. The conclusion identifies some limits of this study, but also suggests how the approach taken in this paper can be built upon to promote a better understanding and theory of why some reforms succeed when most fail—and even to inform reform strategies in future.

2. LEARNING FROM POSITIVE DEVIANCE IN PUBLIC SECTOR REFORM IN DEVELOPMENT

Public sector reform has emerged as a staple of development. Such reform is typically introduced through projects supported by development agencies. These agencies have seen a steadily increasing portfolio of projects since the 1970s. For example, total lending volumes for such interventions in the World Bank grew from an average annual inflation-adjusted total of $1.8 billion during the 1990s to $2.7 billion in the 2000s (World Bank, 2012, p. 2). Growth in the number of World Bank projects with public sector reform content has been significant (going from 469 in the 1980s to 3,235 in the 2000s (Andrews, 2013a; Moloney, 2009)). Similar patterns show that these reforms dominate project portfolios in other development organizations as well. Public sector reforms are embedded in over half of the operations carried out by Britain's Department for International Development during

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2004–10.[1] They are also evident in over half of the Asian and African Development Banks' project portfolios in the late 2000s,[2] having comprised less than 10% of interventions prior to the 1990s .[3]

The pervasive nature of these reforms is further evidenced in the variety of affected countries. World Bank projects supporting these reforms can be identified in over 140 countries (Andrews, 2013a). Similar coverage is provided by agencies like the United States Agency for International Development (USAID) and other bilateral entities, the International Monetary Fund (IMF), and regional development banks. Countries promote reform agendas apart from these external influences too, which further clutters the public sector change discourse.

(a) *A 'norm' of failure (or limited success)*

Mounting evidence shows that these reforms commonly produce poor results—either failing to achieve objectives at all or generating changes in forms (like laws and systems) but not having a positive impact on practice or leading to the resolution of governance problems. Using measures from the World Bank Country Policy and Institutional Assessment (CPIA) indicators, for instance, a 2008 World Bank evaluation showed that many countries failed to improve aspects of government quality even after reform projects were completed. The proportion of countries seeing post reform *declines* or *stagnation* on these measures ranged from 40% to 60%: for example, over half of the countries stayed the same or went backwards on indicators of "quality of public administration" (World Bank, 2008, p. 46[4]).

The best performing area in the 2008 evaluation was public financial management, where about 60% of countries *improved* their scores. Unfortunately, very few of these improving countries achieved levels on the indicators that suggest they are actually establishing functional systems (Andrews, 2011, 2013a; de Renzio, Andrews, & Mills, 2010).[5] This means that many of the countries have produced better laws and processes through reforms, but they still commonly struggle with implementing and using the new laws and processes. As a result, problems fester: money still flows slowly after reforms in most countries, actual spending does not reflect plans or budgets, leakage is high, and resources fail to produce results.

The data used to make these assessments are always open to challenge, but a variety of other studies show similar things. For instance, a 2011 study found even more disappointment (World Bank, 2011, pp. 68–76). Fewer than 40% of the 80 countries receiving World Bank support for public sector reform during 2007–09 registered improved CPIA governance scores in that period. A quarter of these countries actually saw such scores decline, while more than a third stayed the same. The quality of public administration was higher after reforms in only 13% of reforming countries, dropping in about the same-sized group. Andrews (2013a) shows that the same observations can be made using multiple data sources, and that these observations resonate with stories emerging from case-study analysis (and case survey work). These case-based studies indicate that there are mixed and disappointing results in a range of other institutional reform areas, including privatization (Boubakri, Cosset, & Guedhami, 2009), deregulation (Busenitz, Gomez, & Spencer, 2000), public financial management (Andrews, 2010; de Renzio *et al.*, 2010), health system modernization (World Bank, 2009), and financial liberalization (Karikari, 2010; Obtsfeld, 2009). The studies illustrate, for instance, that many countries do not have more efficient service delivery or better trade volumes or more stable financial sectors after they privatize industries, introduce new trade regulations, and liberalize financial systems. The emerging story across such studies is loud and clear and is even accepted by donor organizations (World Bank, 2012): *in most cases public sector reforms do not lead to more functional governments.*

(b) *The existence of positive deviants*

However, research also points to the existence of more successful reform experiences that do lead to more functional governments. In these instances, reforms facilitate the establishment of governments that solve problems and achieve the kind of functionality needed to produce public value; new public financial management systems actually foster better resource use, administrative reforms foster better service delivery, trade reforms generate higher volumes of trade, and so forth. These experiences could be called positive outliers; given that they produce results that are better than the norm. "Positive deviance" is another term that describes such experiences. The term has been used in various literatures but entered the development domain because of the work of Pascale *et al.* (2010).

These authors argue that positive deviance is observable in every community or field, where some agents find better solutions to problems than their peers even though they have similar resources as their peers and face similar challenges and obstacles. Given such belief, the positive deviance approach has emerged as a way of identifying workable solutions to development's toughest problems. It emphasizes the importance of learning from the positive deviants within the contexts where failure is more normal; and focuses especially on learning about the strategies adopted to find and fit effective solutions.

The importance of this kind of learning cannot be overstated in the international development domain. This importance is reflected in a number of studies that have tried to promote such learning in the past decades. Many of these studies try to explain "pockets of productivity" or "islands of excellence" in government organizations in developing countries (Leonard, 2010). These include studies like Grindle and Thomas (1991), Leonard (1991), Schneider (1991), Grindle (1997), Tendler (1997), Uphoff, Esman, and Krishna (1998), Heredia and Schneider (2002), Grindle (2004), Josh and Moore (2004), Owusu (2006), and Bebbington and McCourt (2007). These studies actually investigate different manifestations of what is being called positive deviance in this paper (Leonard, 2010). Some focus on oddly successful organizations, others on successful policy interventions, and yet others on successful reforms themselves. In most cases the successes one sees emerged from some or other change process, however, so it is appropriate in all cases to ask how such change (or reform) came about and was consolidated to foster more effective government (where Leonard sees success as the improvement in state capability to sustainably generate public goods).

Recent publications have built on this vibrant (but relatively small) set of studies. For instance, Andrews (2013a) uses a blend of case study and survey methods to identify the strategies common to more successful institutional reforms in a variety of arenas. Similarly, the recent World Bank evaluation of public sector reform (World Bank, 2008) looks at project successes across public sector reform types and countries to glean lessons about "what works and why". In the same vein, Rodrik (2003) develops narratives of the few (but impressive) high-growth experiences in the past 50 years. The 2008 Spence Growth Commission also tried to identify commonalities in the strategies that led to high growth in countries like South