The relationship between formal and informal institutions for governance of public transport

Tom Rye[a], Jason Monios[b,*], Robert Hrelja[c,d], Karolina Isaksson[c,d]

[a] Transport Research Institute, Edinburgh Napier University, Edinburgh EH10 5DT, Scotland, UK
[b] Kedge Business School, Domaine de Luminy, Rue Antoine Bourdelle, 13009 Marseille, France
[c] VTI Swedish National Road and Transport Research Institute, Linköping, Sweden
[d] K2 The Swedish Knowledge Center for Public Transport, Lund, Sweden

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ABSTRACT

The purpose of this paper is to understand the relationship between the formal (governance established in law) and informal institutions (governance not established in law) that underpin the planning, operation and improvement of local and regional public transport, by using case studies of four countries: Britain (more specifically England, outside London); the Netherlands; Germany; and Sweden. The paper uses a framework drawn from the literature on institutional change to analyse the interplay between the formal governance structures and the other actors and organisations that have an influence on public transport, the formal and informal relationships between them, and how informal institutions emerge to increase the effectiveness with which public transport is delivered.

By selecting countries with some similarities in institutional structure, it is possible to explore how relationships can differ even within a relatively similar overall framework for public transport. Drawing on qualitative research with actors in the different countries, the research explores how informal institutions help actors negotiate the constraints of formal, statutory institutions. Findings reveal that informal institutions smooth the critical interfaces where formal institutions were producing sub-optimal public transport, thus providing evidence that the two modes of governance are, in fact, highly complementary.

1. Introduction

West European public transport has undergone quite fundamental reforms during recent decades. These reforms have created points in the planning and organisation of the public transport system where formal structures may produce sub-optimal outcomes (Sørensen & Longva, 2011). In some countries, this has resulted in more fragmented transport operations on the ground (O'Sullivan & Patel, 2004; Van de Velde and Wallis, 2013). For the purposes of this research, such points are termed "critical interfaces". In this paper we explore how planning, operation and improvement of local and regional public transport are managed in situations where the formal institutions (governance established in law) are not adequate, and informal institutions (governance not established in law) have arisen to play a complementary role. This is done by comparing and contrasting case studies of four countries: Britain (more specifically England, outside London); the Netherlands; Germany; and Sweden. The paper identifies certain "critical interfaces" in the public transport sphere where sub-optimal transport was being delivered and where better collaboration is needed in order

to deliver measures and policies that will help make public transport more efficient. In such situations, informal institutions become important if progress is to be made towards more effective public transport. While previous work has considered individual countries' governance structures for public transport, there is a lack of comparative studies; in addition, this paper adds to knowledge by considering how the informal works to support the formal in the operation and improvement of public transport. More specifically, the paper uses the literature on institutional change to chart the process through which the informal governance form emerges and how it interacts with the formal governance structure already in place.

The paper first briefly reviews relevant previous literature in this area as well as the literature on institutional analysis, before presenting an analytical framework that is later used to compare the case studies. After explaining the empirical methods used, the paper then moves on to provide a taxonomy of formal and informal structures in Sweden, Germany, England outside London and the Netherlands. It then identifies a number of critical interfaces and uses case studies of individual actions to demonstrate how the informal institutions have arisen to

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* Corresponding author.
  E-mail addresses: t.rye@napier.ac.uk (T. Rye), jason.monios@kedgebs.com (J. Monios), robert.hrelja@vti.se (R. Hrelja), karolina.isaksson@vti.se (K. Isaksson).

negotiate these situations. Finally, conclusions are drawn as to the role and importance of informal institutions in negotiating the constraints resulting from formal governance structures.

2. Literature review

2.1. Fragmentation and coordination challenges in public transport governance

Previous research has shown that public transport governance in many cases remains fragmented and is characterised by sub-optimisation and coordination challenges. Some of the issues that have been explored in the literature are coordination and integration challenges caused by frequent changes in organisation and responsibilities among public actors at different administrative levels (Marsden and May 2006), the need for more integrated approaches between and within policy fields related to public transport (e.g. Priemus, 1999; Rivasplata et al. 2012) and the potential importance of more specific regional objectives for public transport (Berman et al. 2005). Along a similar line, Marsden and May (2006) discuss the need for conurbation-wide authorities with financial resources and executive powers to enable the implementation of public transport policies.

There is also research that explores the impact of governance modes for public transport development. Sørensen and Gudmundsson (2010) build on Powell's (1990) distinction between market, hierarchy and network in their analysis of urban transport partnerships. They focus specifically on the increased importance of the network mode in contemporary public transport governance, which increases the importance of trust, reciprocity and effective information exchange among actors. The idea is further developed by Sørensen & Longva (2011) who direct focus towards specific types of coordination mechanisms in public transport governance. Other studies examine how organisational structures, policies and goals that are explicitly stated and regulated in formal frameworks, as well as norms, traditions, ways of working, etc., that are not explicitly stated (but still influence public transport planning and management substantially), together form specific "steering cultures" that influence the actions and collaboration of public transport organisations (Hansson, 2013; Hrelja, 2015).

Another strand in previous research has focused on the development of informal arrangements that aim to compensate for problems stemming from fragmented formal institutional arrangements. For instance, Pangbourne (2007) analysed the emergence of voluntary regional transport partnerships in Scotland, and discussed the interplay between statutory and voluntary transport governance arrangements. Similarly, Gray et al. (2017) stressed the importance of institutional alignment, and explored the interplay between institutional hardware and software in the implementation of low-carbon policies in practice. In a recent study of urban carbon management in the UK and Germany, Marsden and Groer (2016) note that even though formal institutional structures always matter, it is important to realise the importance of the broader governance environment, and the role of politics and economic priorities in practice.

While it is clear that the planning, operation and development of local and regional public transport requires increased coordination and organisational interplay which involves both formal and informal institutions, deeper insights are needed when it comes to the process by which informal institutions emerge, and the way such informal institutions function in practice. A systematic approach to analysing this relationship can be facilitated by turning to the institutional literature.

2.2. Formal and informal institutions

Institutional analysis developed from two major traditions: economics (identifying institutional forms to lower transaction costs, cf. Coase, 1983; Williamson, 1975, 1985; North, 1990) and sociology, generally divided into three types: rational choice, sociological and

historical or evolutionary (Scott, 2008a). Rational choice institutionalism views institutions as the outcome of market behaviour (Martin, 2000), with a focus on reducing transaction costs and solving collective action problems, meaning that rational choice institutionalism overlaps noticeably with the economic tradition. Sociological institutionalism relates to "culturally based social repertoires, routines and networks of trust, cooperation, obligation and authority" (Martin, 2000; p. 82). Scott (2008b, p. 58) writes that "compliance occurs in many circumstances because other types of behaviour are inconceivable; routines are followed because they are taken for granted as 'the way we do these things.'" In historical institutionalism, institutions are defined as "the products of historically-situated interactions, conflicts and negotiations amongst different socioeconomic actors and groups." (Martin, 2000; p. 82). In this tradition, focus is often directed towards asymmetries of power, path dependence and unintended consequences created over time (March and Olsen, 1984; Hall and Taylor, 1996).

A vast literature exists on institutional definitions, which lies beyond the scope of this paper. For example, North (1990; p. 98) defines institutions as "the humanly devised constraints that structure political, economic and social interaction." For Jessop (2001; p. 1230), institutions are "complex emergent phenomena, whose reproduction is incomplete, provisional, and unstable, and which coevolve with a range of other complex emergent phenomena." Aoki (2007; p. 6) suggests that institutions are "self-sustaining, salient patterns of social interactions, as represented by meaningful rules that every agent knows and are incorporated as agents' shared beliefs about how the game is played and to be played." The most widely used distinction between institutions and organisations is provided by North (1990), for whom institutions represent the rules of the game, while organisations are the players, yet others feel that organisations can themselves be institutions, particularly legal and cultural organisations. Selznick (1996; p. 275) suggests that "Because many stated "goals" are too vague and abstract to be effective in determining policy choices, … the typical large organisation is better understood as a coalition, governed by multiple rationalities and negotiated authority, than as a unified system of coordination."

North (1991; p. 98) points out that institutions "consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights)." Moreover, as highlighted by González and Healey (2005), government influence or capacity to innovate is rooted not only in formal but informal institutions. Of particular relevance to this paper, the authors state (p. 2056) that innovation capacity "is not just defined by formal laws and organisational competences, but is embedded in the dynamics of governance practices, with their complex interplay of formal and informal relations."

2.3. Analytical framework

Given the largely economic background of institutional analysis, many applications to the field of transport have, unsurprisingly, been in freight transport, such as the transference of organisational structure in sea ports (Ng and Pallis, 2010) or the transformation of institutional settings through transport corridor development (Monios and Lambert, 2013). Applications to passenger transport have focused more on the sociological tradition of analysis. For example, Pemberton (2000) applied Amin and Thrift's (1995) "institutional thickness" concept to a study of transport governance in the northeast of England. The findings were that even in a region with high institutional thickness resulting from strong, clearly-defined institutional presences with high interaction and a common agenda, more attention is needed on the interaction between governance scales and the relationship between what may be considered transport stakeholders and other relevant actors.

More recently, Marsden and May (2006) analysed the different ways of managing and regulating the interaction between the public and private sectors. Particularly challenged by this system are attempts at