The Case for Methodological Individualism in Agency Autonomy Research

Bringselius, Louise

2015

Citation for published version (APA):

Total number of authors: 1

General rights
Unless other specific re-use rights are stated the following general rights apply:
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 recognise 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

Read more about Creative commons licenses: https://creativecommons.org/licenses/

Take down policy
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.
Abstract

Over the past few decades, the literature on agency autonomy has increased rapidly. It still struggles, however, to find solid evidence for specific factors explaining variations in autonomy. This paper argues that a reason for this is basic assumptions in this line of research, and more specifically the tendency to focus on factors on the collective level. Using the distinction between methodological individualism and methodological collectivism, the paper describes how autonomy research could be enhanced by also including issues relating to the individual and his/her relations, thereby recognising the importance of dynamics on the micro level. This approach to autonomy challenges the methods typically adopted in this line of research and suggests that more in-depth qualitative studies are pursued. Furthermore, it challenges the prevailing assumption that agency autonomy is relatively stable over time. Instead, it opens up the possibility that agency autonomy may actually fluctuate rather rapidly, perhaps even constantly, depending on the actions and attitudes of key individuals. While arguing the case for methodological individualism in agency autonomy research, thus, this paper aims to open up for a new stream of research in the literature on agency autonomy, as a complement to current approaches.

Key words:

Agency autonomy; method; methodology; assumptions; public administration
The model with autonomous or semi-autonomous executive agencies in central government has become increasingly popular over the past few decades. This has resulted in a rapidly growing body of research focused on measuring and explaining agency autonomy (cf. Christensen and Lægreid 2006; Pollitt and Talbot 2004; Pollitt et al., 2004; Wettenhall 2005; Verhoest et al., 2010; Verhoest et al., 2012). However, despite the intense efforts put into this research, we still do not know how variations in autonomy can be explained. It is often argued that variations are probably the result from national history or from task characteristics, but studies show that the level of autonomy can also differ between organisations in similar settings (Lægreid et al., 2012; Pollitt et al., 2004; Verhoest et al., 2004; Yesilkagit and Van Thiel, 2008). This indicates that there is a need to take a step back and consider the underlying assumptions in this literature. Why do we not seem to be able to fully capture why autonomy differs between agencies and countries?

This paper aims to ignite a theoretical discussion in this area, focused on basic assumptions on the nature of autonomy and how it must be researched. It builds primarily on the classic distinction between methodological individualism and methodological collectivism; however, it also connects, to some extent, to historical institutionalism, since this school of thought has been highly influential in the public administration literature, in particular among political scientists. The paper suggests that the literature on agency autonomy would benefit from redirecting some of its focus from the collective level to the individual, hence moving towards the micro level. It may be, this paper argues, that autonomy actually is more apt to change than typically assumed, and that this will depend extensively on attitudes on the individual level and on social relations in limited communities.

In this regard, this paper suggests that agency autonomy can be compared to the literature on power in organisations and in particular the works of Michel Foucault (e.g. 1966, 1969, 1975). Foucault has suggested that power is constantly fluctuating on the micro level, as it is found in human relations and these also constantly change, and that it therefore cannot be localised as a constant. The case may well be the same for autonomy, which can easily be compared to a power relation. Building on such assumption, there is a need for more in-depth qualitative studies on agency autonomy. Such studies require access to the relations of the top management of agencies, to ministers and top officials at the parent ministries, which makes them more difficult to pursue than studies focused on seeking correlations in major databases, although such studies are also likely to have a role to play in this field.
The purpose of this paper is thus to challenge some of the prevailing assumptions in the literature on agency autonomy and suggest an agenda for future research in this field.

With an open-minded discussion on assumptions, the literature on agency autonomy can also become more interesting as a theoretical field. Challenging assumptions is innovative at the heart of research, but it tends to be neglected in favour of gap-spotting research (Alvesson & Sandberg 2011, 2013). This call for innovative research questions goes long back in organisation studies. Campbell et al. (1982:21) call for questions that ‘will open up new research problems, might resolve long-standing controversies, could provide an integration of different approaches, and might even turn conventional wisdom and assumptions upside down by challenging old beliefs’. Alvesson and Sköldberg (2011:41) emphasise that gap-spotting is also required in research, but consider it too dominant and argue that ‘more disruptive modes should be promoted and used, as they are likely to lead to a development of more interesting and significant theories’.

The paper draws on a combination of literature from public administration, organisation studies and research philosophy. It is organised as follows. First, I make an argument for the need to take a step back and consider what methodological issues may hamper the further development of the literature on agency autonomy. Second, this argument is continued referring to existing debates on methodology in this field, and the case is made for methodological individualism. Third, the distinction between methodological individualism and methodological collectivism (holism) is explained. Fourth, a framework and research agenda is suggested, building on this introduction, for the literature on agency autonomy. The paper is closed with conclusions.

**Explaining Variations in Agency Autonomy**

Not only has the literature on agency autonomy grown over the past decades, but it has also matured conceptually. In particular, there is today wide acceptance for the idea that agency autonomy must be understood as a multi-dimensional concept. In early works, this was not the case, but autonomy was understood as a rather straight-forward and simple concept. To some extent, the literature is still grasping to define the limits of autonomy. In an article from 2004, Verhoest, Peters et al. suggest six dimensions to understand autonomy, but they also point out that more dimensions probably can be identified. Thus, we do not clearly know what aspects should be included in a ‘perfect’ definition of autonomy. Convenient enough, we can deal with this ambiguity by reasoning that there is no such thing as a perfect definition, in the case of agency autonomy. Instead, we either agree on a good enough (or minimum) definition or we limit studies to specific, more narrow, dimensions of autonomy.

However, in the agency autonomy literature, there is one problem that is more difficult to push aside, a problem that preoccupies a good number of researchers today. This concerns how variations in autonomy of executive agencies in relation to their parent ministry can be explained. These variations can be rather significant, and they can also occur between agencies in seemingly similar contexts (Lægreid et
al., 2012; Pollitt et al., 2004; Verhoest et al., 2004; Yesilkagit and Van Thiel, 2008). The case is complicated by the fact that there are different definitions of what an agency is and normally does (Smullen 2004). A core feature of these is, however, their autonomy in relation to the parent ministry (Roness et al., 2008; Verhoest et al., 2004; Verschuere 2007). As a consequence, this is where much of the agency research has put its focus.

The issues explaining variations not only between countries, but also within countries, leaves many researchers puzzled. Studies focused on measuring and comparing autonomy are numerous, but it is becoming increasingly urgent to find a solid explanation for variations. Attempts thus far have largely been unsuccessful. Tendencies can be identified, but no major theory has yet been validated. Therefore, a number of different propositions continue to compete and dominate the discussion. I shall mention a few.

First, some argue the importance of task characteristics (e.g. Bach, 2010, 2014; Painter and Yee, 2011; Verhoest et al., 2010). One benefit with this approach is that it moves beyond the formal-legal factors regulating the relation between the agency and its parent ministry.

Second, some argue the importance of national administrative context and history (e.g. Pollitt et al., 2004; Verhoest et al., 2010; Grønnegaard Christensen and Yesilkagit 2006; Pollitt 2006). However, comparing agency autonomy in different countries is difficult; consequently, such studies are rare (Bouckaert and Peters, 2004; James and Van Thiel, 2011; Pollitt, 2004). Along a similar line of thought, some argue that differences in terms of reform trajectories may be more important to consider than national contexts. However, preliminary results indicate that this does not have much explanatory value either and neither does task characteristics, according to the same study (Bach 2014).

Third, some argue that agency age may have a strong explanatory value. This is a factor that differs from the two previous factors, in particular in that it suggests that contextual factors may not be important at all. In this sense, it challenges previous research. However, Niklasson and Pierre (2012) investigated this claim, but they could not find evidence to support it.

All three factors above focus on institutional conditions, or conditions measured on a collective level. They do not allow for any major influence from individuals. Furthermore, they mainly focus on formal aspects.

A reason why much of the agency autonomy research is focused on the collective level and formal features may be that this is where most definitions of autonomy are focused, meaning that this is what is measured, as a certain level of autonomy is suggested in studies. Most studies of autonomy focus on agency design and formal/legal/structural autonomy (e.g. Christensen 2001; Moe 1990; Yesilkagit 2004a), but it is unclear whether autonomy cannot be explained by these characteristics alone (Pollitt, 2005). Instead, to understand de facto autonomy, other features need to be included. This would typically be the decision-making process. However, this still means that the empirical investigation and the analysis
remain on the collective level, and often (but not always) with a focus on formal structures, rather than informal structures. Even with the multi-dimensional approach to agency autonomy adopted today, we do not seem to be able to capture a solid explanation.

Against this backdrop, there may be reason to take a step back and consider the basic assumptions in the literature and determine how they may hamper our understanding of factors influencing agency autonomy. We shall start with having a look at the existing discussions on methodology issues in this field of research.

**Methodological considerations in the existing literature**

Pollitt (2004) has identified three types of theories in the agency literature. First, there is ‘traditional’ social science. Second, there are economic approaches (in particular rational choice theory). Third, there are interpretive/constructivist approaches. This distinction is focused primarily on ontological considerations. Rational choice theory, a typical economic approach, does put focus on the individual, as does methodological individualism, but in agency autonomy research, this is translated rather into a stream of research focused on agency design (Roness 2009).

> ‘Even if the type of lamp being used varies, among scholars using economistic approaches like rational choice theories, this strategy seems to be particularly popular for studying agency design. […] Thus, autonomy is related to the formal, legal design of agencies’. (Roness 2009:5)

With this approach, the ambition is to prioritise among theories in order to increase chances of generalisation (Roness 2009). Prioritisation can be compared to complementing, contrasting and synthesising (Pettigrew 1985, adjusted by Roness 2009). The delegation from principal to agent is central, but this is typically understood on the collective or macro level, excluding the individual (specific agents within the organisations) (see, for example, Van Thiel 2001).

Christensen and Lægreid (2006) distinguish between three perspectives: The rational-economic perspective, the organisational-structural perspective and the institutional perspective. These perspectives are best used in combination, they argue. This is referred to as a transformative perspective, meaning a perspective where change is understood as the result of a complex set of factors (Christensen and Lægreid 2005, 2007a, 2007b). In the agency autonomy literature, this would typically imply a combination of formal and informal factors, the latter including socio-cultural factors. See Figure 1.
With the formal aspects, technical-legal arrangements are at the center. With the informal aspects, socio-cultural aspects are at the center. However, with both these approaches, the analysis is still focused on the collective level of analysis, and it assumes that systems should be studied with a holistic approach. It does not focus on the individual as an empirical level of analysis, nor does it call for the reductionist ontological approach in which the individual is seen as a valid study object (Foss 2012).

To understand how this approach to agency autonomy can be enhanced, I will consult the classic distinction between agency and structure, using the closely related distinction between methodological individualism and methodological collectivism/holism. After this, I will suggest a framework, building on that in Figure 1, allowing more attention to the role that individuals may play, as the de-facto autonomy of agencies is shaped.

**Methodological individualism**

The term methodological individualism is common in particular among economists, and it is used to emphasise the importance of individuals and their behaviour in theory-building (Udéhn 2001; Hodgson 2007). Max Weber and Carl Menger were two of the proponents of this doctrine, which builds on the assumption that individuals can and do make active choices that affect not only themselves, but also society and its organisations. Therefore, it focused extensively on the actions, attitudes and behaviours of individuals, rather than on groups and formal/legal arrangements. Methodological individualism is intimately associated with reductionism (Foss 2012).

The debate between methodological individualism and methodological collectivism/holism is one of the most significant methodological disputes in the history of economics (Louzek 2011). At the end of the 19th century, it was referred to as the *Methodenstreit* between Carl Menger and Gustav Schmoller, but it is also present in contemporary economics (Louzek 2011). Outside economics, this distinction is
sometimes referred to as the dilemma between agency and structure, or between agency and historical sociology (Sztompka 1994). The dispute over which is the best approach to theory-building has been going on for a long time, under various titles, such as individualism vs collectivism (Martindale 1964), atomism vs holism (Sorokin 1966), and individualism vs holism (Gellner 1969). Martindale (1964:453) claims that

‘no orientation to the problems of existence are more fundamental than those which take the individual as primary (individualism) and those which take the collective as primary (collectivism).’

Dawe (1978) refers to the two approaches as ‘two sociologies’, and he describes the distinction as

‘a basic dualism of sociological thought and analysis on which the entire history of the discipline has turned. Throughout that history, there has been a manifest conflict between two types of social analysis, variously labeled as being between the organismic and mechanistic approaches, methodological collectivism and individualism, holism and atomism, the conservative and emancipatory perspectives and so on.’ (Dawe 1978:366)

Many researchers (Toboso 2001; Hodgson & Knudsen 2011) today argue that the two approaches are best combined. Sztompka (1994) suggests the concept of ‘social becoming’ as a way to reconcile the two approaches. This way, he claims, research can embrace society as constantly undergoing change, but also as consisting of more constant elements. The boundary between the individual and the whole is blurred, he explains - ‘People produce social wholes and are their products at the same time’ (Sztompka 1994:277). His solution is a third sociology, where social processes are understood as being in a state of constant ‘becoming’. Social systems tend to constantly reconstruct themselves, according to this approach.

Methodological individualism is sometimes, when used in sociology, referred to as sociological individualism. According to Schumpeter (1954), who was the first to coin the concept of methodological individualism (1908), the two concepts are closely related. He describes sociological individualism as the doctrine that

‘the self-governing individual constitutes the ultimate unit of the social sciences; and that all social phenomena resolve themselves into decisions and actions of individuals that need not or cannot be further analysed in terms of superindividual factors’. (Schumpeter 1954:888)

According to Schumpeter (1954), this approach to social phenomena cannot be used as a complete explanation for human action, but it must be understood as part of a wider explanation. As opposed to Sztompka (1994), however, Schumpeter believes that it is possible to separate the two approaches. Methodological individualism ultimately means that holistic approaches focusing on collective entities are considered secondary, as compared to the individual. The state, for example, is not considered important
as an object of study, but a more valid study object would be the person representing the state and his or her actions. Von Mises (1949) explains:

‘The hangman, not the state, executes a criminal. […] For a social collective has no existence and reality outside of the individual members’ actions. The life of a collective is lived in the actions of individuals constituting its body. […] There is no substratum of society other than the actions of individuals’. (Von Mises 1949:41-43)

The problem with the concept methodological individualism is that there are some ambiguities as concerns how it should be defined (Lukes 1969; O’Neill 1973; Udén 2001, 2002). Either the explanations can be understood in terms of individuals alone, or they can be understood in terms of the individuals plus their relations. The latter interpretation is the most common today (Hodgson 2007).

With methodological collectivism, the idea is that social structures govern society and its institutions, independent of the actions and behaviour of individuals. Social structures include public discourse, fashions, social expectations, etc. Karl Marx and Emile Durkheim were two proponents of this approach. While those supporting methodological individualism see the individual as being able to choose and also being responsible for his or her choices, those supporting methodological collectivism tend to see the individual as subjected to powers beyond his or her control. This can be compared to historical institutionalism (Skocpol 1973; Pierson and Skocpol 2002; Steinmo, Thelen and Longstreth 1992; North 1990). Referring to this as path-dependency, this new institutional approach assumes that history is characterised by long periods of stability and that the history of any institution will have a strong influence also in the choices made today. These periods are interrupted by turbulent formative moments, where new priorities are set. Historical institutionalism has many important merits, but it also has been subjected to rather serious criticism. One of the most prevailing criticisms concerns its approach to change. With the ideas of path-dependency, formative moments and punctuated equilibriums, incremental changes tend to be neglected and defined away with this perspective, even in cases when these changes are widespread and cumulatively produce significant change (Peters, Pierre and King 2005). Applied to the agency autonomy literature, an alternative would, thus, be to understand the nature of autonomy as subjected to constant change, rather than only to change in formative moments.

This approach to change can be found, for example, in the literature on organisational identity, which is at the core of organisation theory. In both organisation theory and the literature on strategic management, it was long assumed that organisational attitudes were relatively stable and enduring features of organisational life (e.g. Albert and Whetten 1985; Gagliardi 1986). Starting with a number of contributions in the 1990s (e.g. Kelly and Amburgey 1991; Gioia, Schultz and Corley 2000), however, this conception gradually changed. Today, organisation theory has arrived at a view where continuous change is seen as a natural – rather than disruptive – state for organisations (Tsoukas and Chia 2002; Burnes 2004; Farjoun 2010).
Returning to methodological individualism, this basically emphasises the importance of individuals and their choices and behaviour, whereas methodological collectivism (or holism) emphasises the role of social systems (doctrines, discourses, organisational culture, etc.). The two approaches have also been compared to the dispute between the abstract-deductive method (represented by Menger and methodological individualism) and the empirical-inductive method (represented by Schmoller and methodological collectivism) (cf Louzek 2011).

Finally, it is possible to distinguish between ontological individualism and methodological individualism. Ontological individualism does not always imply methodological individualism and vice versa (Goldstein 1958). To some extent, the distinction between methodological individualism and collectivism today represents also a divide between economics, respective sociology, according to Louzek (2011). It is also possible to distinguish between political individualism and methodological individualism.

A research agenda and framework

I have described how the agency autonomy literature has developed from focusing only on formal aspects to also include informal aspects, such as cultures, expectations and perceptions. However, these are still studied on the collective level of analysis, whereas the individual level of analysis is neglected. By combining analyses covering both the collective (formal and informal) and the individual, I argue that it ought to be easier to capture the actual relation between agencies and their parent ministries. The framework in Figure 2 suggests four approaches to agency autonomy. The left side, with methodological individualism, is the weak side of this literature today. We do not fully know how important the attitudes, dispositions etc. of key individuals - such as the Director-General, the minister, and the officials in charge of agency-ministry contacts - are. Nor do we fully know how the role of the relation between these specific individuals, when it comes to explaining variations in agency autonomy.

<table>
<thead>
<tr>
<th></th>
<th>Methodological Individualism</th>
<th>Methodological Collectivism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formal aspects</strong></td>
<td>Key actors' behaviours</td>
<td>Legal documents</td>
</tr>
<tr>
<td><strong>Informal aspects</strong></td>
<td>Key actors' attitudes</td>
<td>Culture, discourse</td>
</tr>
</tbody>
</table>

*Figure 2. A framework and research agenda for agency autonomy studies.*
Studies focused on the formal aspects of autonomy would typically tend to be objectivist in nature, whereas studies focused on the informal aspects often are conducted with an interpretive approach, with close studies of processes and relations on the micro level. We see few studies of the latter type in the agency autonomy literature today. Yet, it would be interesting to see findings from such close investigations. A problem is, of course, to convince key individuals at ministries and in the agency management to participate in such studies. Nevertheless, this must not hinder us from admitting that this is the relation where autonomy perhaps actually is settled.

Table 1. Different techniques and ontological approaches with different perspectives in agency research.

<table>
<thead>
<tr>
<th>Methodological individualism</th>
<th>Focus</th>
<th>Central aspects</th>
<th>Typical techniques</th>
<th>Ontological approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal</td>
<td>Formal documentation, explicit agendas</td>
<td>Surveys or interviews</td>
<td>Objectivist</td>
<td></td>
</tr>
<tr>
<td>Informal</td>
<td>Personal attitudes, trust</td>
<td>Interviews</td>
<td>Interpretive</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Methodological collectivism</th>
<th>Focus</th>
<th>Central aspects</th>
<th>Typical techniques</th>
<th>Ontological approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal</td>
<td>Legal documents</td>
<td>Document studies</td>
<td>Objectivist</td>
<td></td>
</tr>
<tr>
<td>Informal</td>
<td>Culture, discourse</td>
<td>Surveys</td>
<td>Interpretive</td>
<td></td>
</tr>
</tbody>
</table>

As a consequence of this research agenda, two basic assumptions in the agency autonomy literature are challenged. This paper comes with three propositions.

1. De-facto agency autonomy may be relatively flexible (rather than stable) over time.
2. Parts of the de-facto agency autonomy may be shaped on the individual level (rather than on the collective level).
3. The degree of (de-facto) autonomy is unique for each agency. (This means that formal autonomy can be mapped and compared between countries, but that such comparisons of informal/de-facto autonomy may not be meaningful.)

These propositions remain to be tested. In the literature, it is typically assumed that the de-facto autonomy of executive agencies is relatively stable over time, within national politico-administrative contexts. Thus, great efforts have been invested in trying to map the typical autonomy of agencies in different countries. However, whereas administrative law and formal protocols have been at the centre of this research, more recently it has been suggested that the de-facto autonomy of agencies may actually be best determined based rather on perceptions of autonomy. Both these approaches - the first with its focus on formal aspects (administrative law and institutional arrangements) and the second with its focus on informal aspects (perceptions, attitudes, praxis) – assume that agency autonomy is best studied as a collective phenomenon. With the framework presented here, I suggest that these approaches may need to
be complemented with yet another approach, where agency autonomy is studied on the individual level – methodological individualism. By understanding autonomy as based on an (informal) relation, we open up for the possibility that this actually may change with individual officials at the ministry, as well as with individual Director-Generals at the agencies.

Interestingly, as noted in the introduction, this brings us to Foucault (e.g. 1966, 1969, 1975) and his philosophical work on power in organisations. What if agency autonomy is in constant flux, just like Foucault argues that power relations are, and therefore cannot be captured or mapped with a validity that reaches beyond that single moment in time? This would mean that research in the area of agency autonomy would need to change its nature rather significantly, with one stream focusing on the formal aspects and one focusing on the informal aspects, combining both the collective and the individual level of analysis.

**Conclusions**

The literature on agency autonomy still struggles to be able to explain variations in autonomy. This paper argues that a reason for this is basic assumptions in this line of research, and more specifically the tendency to focus on factors on the collective level. Using the distinction between methodological individualism and methodological collectivism, the paper describes how the literature could complement its current focus with studies focused on the individual and his/her relations, thereby recognising the importance of dynamics on the micro level. From an ontological perspective, this means recognising that explanations can not only be found on the collective or holistic level, but also on the individual level.

This paper aims to start off a theoretical discussion in this area, focused on basic assumptions on the nature of autonomy and how it should be researched. Agency autonomy can be, this paper argues, compared to the literature on power in organisations and in particular the works of Foucault. He has suggested that power is constantly fluctuating on the micro level, as it is found in human relations and these also constantly change, and that it cannot be localised. The case may well be the same for autonomy. This may not be as stable over time as typically assumed. With a focus on the micro level and the individual, there is a need for more in-depth qualitative studies on agency autonomy. These studies are sometimes difficult to pursue, given limited access to the relations of the top management of agencies, to ministers and top officials at the parent ministries. They may, however, be the key to a better understanding of how agency autonomy actually unfolds.

Combining methodological individualism and collectivism means oscillating between the macro and the micro level of analysis (Foss 2012). According to Hackman (2003:905), there is a tendency in the social sciences to move from one level to the next for explanations. This next level typically lies lower down (the individual), but not in all fields. In strategic management research, for example, this next level tends to lie higher up (Foss 2012). It would be interesting to have a discussion on what direction the public administration literature tends to take in this regard. I would hypothesise that this may be higher up, with
a focus on contexts, systems, discourses, etc. This is partly fuelled by recurring calls for more international comparisons – calls that drive our attention towards the macro level, rather than towards the micro level, where explanations may be better found.

A framework describing four archetypical approaches to agency autonomy in the research literature has been suggested in this paper. This can be used to continue the discussion on how current approaches in this field can be complemented with new perspectives and designs.
References


Foucault, M. (1969) L'archéologie du savoir (The Archaeology of Knowledge & The Discourse on Language)

Foucault, M. (1975) Surveiller et Punir (Discipline and Punish)


