

The Bias of Structures: How Multidivisional Organizations Work in the Public Sector

Marian Döhler¹

Published online: 2 October 2015

© Springer Science+Business Media New York 2015

Abstract This paper discusses the unexploited possibilities that organization theory offers for explaining the policy output of public-sector organizations. Although political scientists frequently argue that organization matters, exactly how it matters remains unresolved. To investigate this issue, the concept of the multidivisional organization (M-form) is applied to the public sector. Three dimensions of the M-form are identified for closer inspection: 1) the structure-strategy relationship, 2) the managerial or leadership dimension, and 3) the external-relations dimension. Several empirical examples are used to demonstrate that the M-form exerts an independent impact on policy output. While the M-form allows a single organization to perform multiple functions, it also works against crosscutting policies and is inclined toward clientelism and capture. The use of the M-form concept is beneficial for political science analyses in that it requires paying greater attention to the “internal life” of governmental and public-sector organizations.

Keywords Organization theory · Multidivisional organizations · Public sector · Policy output

Introduction: Political Science and Organization Theory

This paper is motivated by the persisting under-utilization of organization theory in political science. While organizations such as political parties, interest groups, parliaments, and government agencies are at the heart of political life, organization theories are seldom integrated into political-science research. Two decades ago, the relationship between organization theory and political science was characterized by “parallel agendas and mutual disregard” (Olsen 1991). According to March (1997) and

✉ Marian Döhler
m.doehler@ipw.uni-hannover.de

¹ Institut für Politische Wissenschaft, Leibniz Universität Hannover, Schneiderberg 50, 30167 Hannover, Germany

LaPalombara (2009), little progress has been made since then. This is not surprising given that organization theories were not designed to analyze political phenomena. Nonetheless, it is difficult to overlook the relevance of “internal life” for the policy output of government organizations. Magill and Vermeule, for example, have discussed how court rulings shift the decision-making power within agencies from political appointees downward to front-line decision-makers with technocratic rather than political priorities (Magill and Vermeule 2011 pp. 1067). Likewise, Eisner (1991) has shown how newly created economic policy units have changed the goal definition, case selection, and prosecution activities of U.S. anti-trust authorities. This evidence supports the assumption that public-sector organizations are not simply “at the receiving end of politics” (Moynihan and Soss 2014 pp. 324), but often put a stamp of their own on the policies they are charged to implement. As long as such empirical observations lack a theoretical basis, however, generalizations about the relationship between organization structures and policy output remain difficult. The aim of the following analysis is therefore to make evident how organization theory contributes to the explanation of the behavior and policy output of public-sector organizations.

The reason for the under-utilization of organization theories in political science seems to be the result of a selective perception rather than that of application difficulties inherent to organization theory. First of all, the Simon-March tradition is often viewed as “virtually the sum total of organization theory” (Moe 1991 pp. 111), resulting in a neglect of other schools of thought. This tendency is rooted in the heavy influence of Simon’s critique of the “proverbs of administration” (Simon 1946), which have significantly changed the course of organization theory. Subsequently, “the new style was to downgrade the importance of formal hierarchical structure of bureaucracy” (Hammond 1990 pp. 144) and to focus on the informal dimension of organizational behavior and the (bounded) rationality of decision-making. The disregard for the bias of structures is also visible among public-administration scholars, who supposedly devote greater attention to organization studies but tend to be “fossilized” (Lindquist 2009 pp. 48) by restricting their analyses to a handful of classics in the literature (March 1997 pp. 692; Denhardt 2000; Meier and Krause 2003 pp. 12). Even the two fields of organization theory and public management are characterized by an “almost complete non-overlap” (Pfeffer 2006 pp. 458; see also Kelman 2007) of theoretical concepts.

Second, political scientists are inclined to address only a few properties of the organizational dimension, such as size, horizontal specialization, and hierarchical vs. collegial coordination (Egeberg 2003 pp. 78). A popular textbook by Peters is representative of this minimalist conception in which the “internal organization” of bureaucracies is analytically restricted to hierarchy, administrative culture, and reorganization (Peters 1995 pp. 161–169). Labeling an organization “bureaucratic” seems to satisfy expectations about behavior and policy outputs (Trondal 2011). Even when public management reform is at stake, the categories rarely move beyond this narrow catalogue (a broader range is discussed in Rainey 1997 pp. 174–180). Among political-science- and public-administration scholars, “structure” often refers to the location of public organizations inside the political system and to their relationship with politics rather than to an *intra*-organizational dimension (Kelman 2007 pp. 257–258). This focus disproportionately favors *inter*-organizational categories, such as the degree of (de-)centralization of different levels of government and varying degrees of autonomy of political principals (Moe 1990; Chang et al. 2001).

Finally, political scientists' use of organization theory is dominated by a "top-down perspective" (Beck-Jørgensen et al. 1998 pp. 500). While not an analytical limitation per se, this perspective tends to focus on the political control of government agencies. Bureaucratic structures are typically regarded as a result of competing political interests that try to hardwire their preferences into agencies' design (Moe 1990; Chang et al. 2001; Cohen et al. 2006). In this line of reasoning, organizational structures serve as dependent rather than independent variables for explaining policy output bottom-up.

To be sure, the organizational dimension has been more prominently considered among EU researchers (e.g., Hartlapp 2007; Bauer 2008; Trondal 2011; Vestlund 2015). Furthermore, Scandinavian political scientists frequently stress the relevance of "an organizational perspective [that] highlights the role of a decision maker's organizational context" (Egeberg 2003 pp. 77; Egeberg and Lægveid 1999; Czarniawska and Sevón 2003; Christensen et al. 2007; Olsen 2007). Altogether, however, the organizational dimension is mostly referred to in the general "organization does matter"-sense. The following analysis deviates from this mainstream approach by applying organization *theory* instead of merely referring to the organizational *dimension*. While the organizational *dimension* refers to a potential explanation without further specifications, applying organization *theory* includes the use and/or the testing of hypotheses generated from theoretical concepts. The subsequent analysis represents a preliminary, non-exhaustive step in this direction by asking what independent impact the multidivisional form has on the policy output of public-sector organizations.

The Concept of the Multidivisional Organization

Alfred Chandler's pioneering "Strategy and Structures" (1962), a seemingly outdated piece, represents a case in point. His study provided the groundwork for the subsequent research on organizational forms by showing how large American companies shifted from a unitary form to a multidivisional form in the early twentieth century, thereby significantly improving their performance. Williamson (1975 pp. 132–143) later referred to these alternative models as U-form and M-form, respectively. The U-form is based on functional differentiation in which each sub-unit provides a particular item or service as part of a joint product. No single unit is independent, thereby making U-form organizations relatively hierarchical. The multidivisional model, or M-form, in contrast, includes several semi-autonomous sub-units that share only a few general services, such as accounting, data processing, and procurement. Each division is devoted to a special market segment and can operate relatively autonomously, often as its own profit center. This model therefore involves a less-hierarchical structure and is mainly characterized by internal divisions based on "the principle of self-contained units" (Strikwerda and Stoelhorst 2009 pp. 11) that compete with one another. The organization's headquarters is thus able to shift resources to the most profitable divisions (Fig. 1).

Chandler's findings triggered a wave of research that transformed a simple observation into a testable theory (Lorsch and Stephen 1973; Mintzberg 1979; Fligstein 1985; Kogut and Parkinson 1998; Dessaux and Mazaud 2006). Several effects are attributed to the M-form. While Chandler pointed to the influence of divisionalization on managerial strategies, Williamson strongly emphasized the incentives generated by

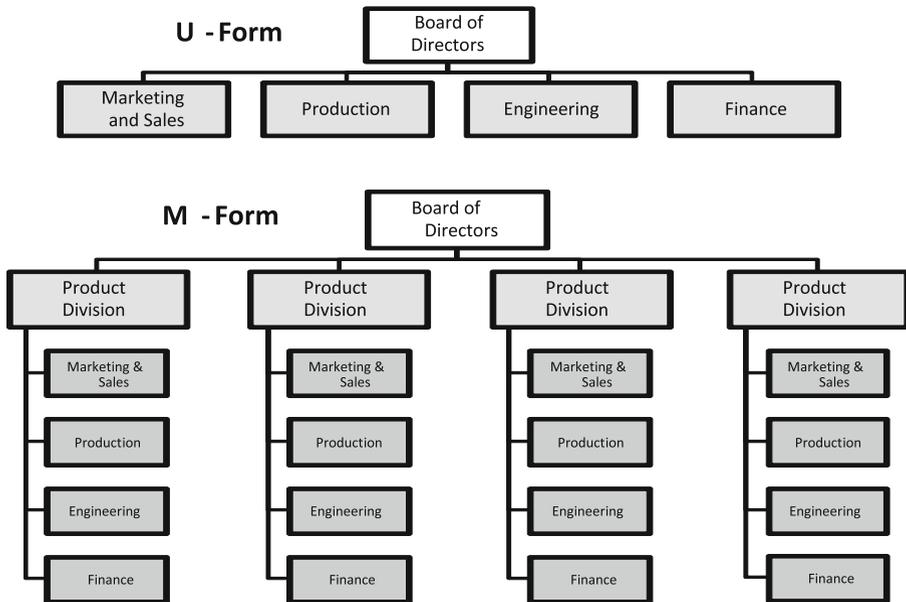


Fig. 1 The unitary (functional) and the multidivisional form

the M-form. Other authors, such as Stinchcombe (1990) and Mintzberg (1979), highlighted the reduction of uncertainty by decentralized divisions focused on special market segments and the internal allocation of power. Because such effects do not flow freely through an organization, they need to be linked to an analytical framework, which is outlined below.

With rare exceptions (such as Gammelsæter 2003; Whitford 2006), public-administration- and public-management scholars have not taken as much note of the concept of organizational forms as have political scientists (except for Hammond 1994; Desveaux 1995 pp. 38–39; and Cooley 2005). Kelman (2007 pp. 249) even argues that the topic of organizational forms “has virtually disappeared from the mainstream screen.” This is remarkable because even if the multidivisional form is more common among business firms, it is not unusual in the public sector (Mintzberg 1979 pp. 402; Cooley 2005). Ministerial departments, for example, usually include several divisions that serve different purposes or clienteles. In local governments, turf battles between social, economic, and environmental administrations are well known. The same is true for the faculty structure of universities and regulatory agencies, such as the U.S. Food and Drug Administration, which is organized corresponding to market segments including drugs, cosmetics, medical devices, and food products.

The subsequent analysis, which examines several multidivisional organizations operating in the public sector, starts with a brief discussion of public-sector characteristics that should be considered when the concept of M-form is applied beyond the private sector. Second, the dimensions of the M-form that can be expected to affect organizational behavior and policy output are outlined. This is followed by a third and main step, in which we ask whether M-form-related hypotheses can explain the policy output of government- and public-sector organizations. Examples are drawn from the

few political-science- and public-administration sources in which the organizational dimension is discussed thoroughly enough to allow inferences related to the M-form. As most examples employ an inside-out perspective, the larger environmental context has to be neglected.

Adapting the M-Form to Public-Sector Organizations

Public organizations operate under different conditions than do their counterparts in the private sector; however, over the past two or three decades, researchers have often downplayed the essential differences between the two sectors. This trend has two main causes. First, proponents of the new public management paradigm have not been interested in giving a great deal of credence to arguments challenging the transferability of private management techniques to government organizations (cf. James 2001; Christensen et al. 2007 pp. 4–8). Second, there has been a widespread emergence of “hybrid” organizational forms that run counter to the public-private distinction (Rainey 1997 pp. 69). For the following analysis, however, it is necessary to scrutinize characteristics of the public sector because they may restrict the validity of assumptions or predictions generated in a private-sector context.

First, the existence of multiple principals has to be recognized as a typical phenomenon in the public sector. Whereas business firms respond primarily to owners or shareholders with similar preferences (i.e., profits), government organizations generally have to deal with more heterogeneous interests, such as ministers, legislators, ministerial bureaucrats, and interest groups, all of which compete for influence on organizational tasks and structures. This variety of competing interests tends to lead to multiple tasks and goal conflicts (Wilson 1989 pp. 26; Tirole 1994 pp. 1; LaPalombara 2001 pp. 559; Dixit 2002 pp. 712–713). While not every organization created under these conditions automatically assumes a particular shape, when the M-form is the result, it is reasonable to expect that tasks are imposed on the organization without the necessity of taking functionality or efficiency into account (Moe 1990; Dixit 2002 pp. 713).

Second, competition follows different parameters in the private sector than in the public sector. In the public sector, competition is not for profit or market success, but rather applies to jurisdictional conflicts between government agencies and ministries and to rivalry in public budget shares. The main differences between public and private organizations are the consequences of competition, which generally do not include efficiency or profit-driven survival-of-the-fittest issues because public-sector organization mostly acts as a monopoly (Dixit 2002 pp. 714).

Third, unlike business firms, which appear to undergo a constant process of reacting to market pressures, public organizations cannot “change and adjust according to shifting demands from their environment” (Christensen et al. 2007 pp. 10) since their tasks, resources, and structures are defined or at least approved by elected politicians, often adding more organizational stickiness via legal provisions. Compared with private firms, public-sector organizations are therefore more restricted in adapting to environmental changes (Rainey 1997 pp. 181; LaPalombara 2001 pp. 560). The influence of multiple principals, a lack of profit-driven competition, and a restricted capacity for organizational adjustment all have to be considered when transferring organization theories or concepts from the private- to the public sector.

Hypothesizing M-form Effects

Since the main issue in the literature about the effects of the M-form involves the reason *why* firms adapt to a distinct model of organization, most of the arguments focus on the strengths and weaknesses of the M-form (Williamson 1975 pp. 130–131; Mintzberg 1979 pp. 393–403). This research perspective makes it difficult (albeit not impossible) to generate hypotheses about how the M-form matters for political and public-sector organizations. After identifying the dimensions in which multidivisional organizations operate, a few basic hypotheses about the effects of the M-form on outcomes and behavior can be extracted (see Table 1 below).

The first M-form dimension is based on a popular excerpt from Chandler: “Unless structure follows strategy, inefficiency results” (Chandler 1962 pp. 389). This suggests that managers adjust organizational structures according to the perceived market pressures, which often results in a multidivisional structure. But what does this concept mean for predicting the behavior of public-sector organization? At a very general level, the strategic options available to an organization are influenced by this organization’s internal structure (Hammond 1994 pp. 122). Two effects are possible with regard to the M-form: If the organizational environment is well separated into different market segments, a greater range of options should result because each division can pursue its own strategy (Mintzberg 1979 pp. 391–397). If, however, a single or crosscutting strategy is required, the problem of coordinating divisions may have the opposite effect and restrict the range of policy options. Claims by policymakers or other actors about the match or mismatch between a multidivisional organization and the intended policy results provide indications for these effects.

The second dimension for analyzing the impact of internal structures on policy output involves the managerial or leadership function, which is regarded as the M-form’s most important asset (Mintzberg 1979 pp. 389–393; Hitt et al. 2009 pp. 347). According to Williamson, the multidivisional structure serves “as a miniature capital market” (Williamson 1975 pp. 143) by transforming shareholders’ external controls into an internal instrument of management. Higher profitability is then achieved by comparing divisions’ performances so that the flow of resources can be concentrated toward those with the highest profit. This is the main argument for assuming the M-form’s superior efficiency. Both Chandler (1962 pp. 389) and Williamson stress the reduction of “operational subgoals” (Williamson 1975 pp. 134) as an additional benefit

Table 1 Potential Effects of the M-form in the private (and *public*) sector

M-form Dimensions	Effects	Operationalization
Structure-Strategy Relationship	<ul style="list-style-type: none"> • Range of strategic options • Both matches and mismatches are possible 	Institutional choice / redesign aiming at the range of strategic options
Management/Leadership	<ul style="list-style-type: none"> • Increased leadership capacity • Reduced operational subgoals 	Attempts to modify divisional jurisdiction or to strengthen leadership capacity
<i>External Relations</i>	<ul style="list-style-type: none"> • <i>Multiple clientele relations</i> • <i>Coordination problems</i> • <i>Clientelism or capture</i> 	<i>Conflicts or complaints about access and organizational performance</i>

of the multidivisional structure. While managers in U-form organizations have to struggle with the centrifugal forces of specialized units, this problem can be tackled by self-contained divisions in the M-form. The management literature provides examples in which the impact of the M-form on leadership can be substantiated by efforts to modify leadership capacities or internal jurisdictions. Whereas Williamson assumes that organizations strive toward an “optimum divisionalization” (Williamson 1975 pp. 148) in which the separation between managerial and divisional activities is in high gear, other researchers stress that pure M-form tends to evolve into a more cooperative structure in which special teams or committees are employed for the internal coordination of divisions (Hoskisson et al. 1993 pp. 281–284).

While the first two dimensions focus on the internal operations of multidivisional organizations, the dimension of external relations is either given scant consideration in management and organization studies or integrated into the environment-structure relationship (Mintzberg 1979 pp. 267–287; Burton and Obel 1998 pp. 174–210). Due to the long dominance of contingency theory, a subsequent and more general version of the M-form, namely the environment, is still mainly regarded as a dominant force requiring adaptation (Burton and Obel 1998 pp. 171–174). The power of the environment is to select which organization survives. In the public sector, however, external relations are shaped by different forces. Organizations that represent the public-sector environment not only act as customers or competitors, but also as clients that depend on cooperating with or influencing a service provider, regulator, or lawmaker. Access plays a crucial role for external relations (Wilson 1989 pp. 84–86). Since multidivisional organizations are able to address different market- and policy sectors simultaneously, they create additional routes of access. This could provide a comparative advantage in the public sector if improved information exchange is required. However, because divisions enjoy greater autonomy in a multidivisional organization than in a functional one, these additional routes of access may also facilitate clientelism or coordination problems between divisions. None of these effects (summarized in Table 1) can be exclusively assigned to one dimension of the M-form; however, the subsequent analysis is organized along these three dimensions for the sake of clarity.

The Structure-Strategy Relationship

Even though the relationship between strategy and structure is not explicitly discussed among political scientists, two related discourses deserve mentioning. The first involves institutional choice (Moe 1990; Cohen et al. 2006). Here, the analytical focus is on the efforts of political actors to hardwire their preferences so that conflicting goals are often ingrained in the structures of public-sector organizations. This perspective clearly differs from traditional organization theory, in which organizational structures are seen as instruments used to increase efficiency, which is particularly true for the M-form (Hoskisson et al. 1993 pp. 278). A second research perspective involves the goodness-of-fit between existing government structures and political strategies. This perspective is applied by Majone, who describes the “positive” (or Keynesian) welfare state as consisting of centralized, multi-purpose bureaucracies (Majone 1997 pp. 146). The underlying assumption is that redistributive (i.e., welfare) policies, which often require compensation for conflicting interests, are more effectively organized within a single

government agency than among separate ones. Majone contrasts the Keynesian welfare state (in which macro-economic coordination among the government, labor unions, and employer associations prevails) with the regulatory state (which aims at promoting competition in economic sectors that had previously been dominated by public ownership or anti-competitive regulations). According to Majone, regulation requires a different type of government organization, i.e., regulatory agencies that are specialized and operate at a distance from politics (Majone 1997 pp. 152). These agencies are supposed to gain credibility via autonomy and clearly defined functions, which allows them to avoid the goal conflicts that plague multi-purpose organizations. This goodness-of-fit relationship between policy type and government organization suggests that the M-form only has advantages when competing interest groups have to be compensated via bargaining or package deals. If the policy goal is to concentrate on a single function, such as the regulation of a distinct sector of the economy, the M-form is less efficient than a single-purpose organization. This resembles the public management debate, in which the separation between policymaking (as the main function of ministries) and operations (as the domain of agencies) is said to increase the efficiency of both. The policymaking capacity of ministries could be improved by hiving off the responsibility operations, whereas agencies would benefit from focusing on a single function (cf. Schick 2002 pp. 36; Pollitt and Bouckaert 2004 pp. 174–175 for a more critical view).

Similar to political science, organizational structures are rarely analyzed in and of themselves in the previously mentioned research; rather, they are dealt with in the context of their larger institutional setting. Thus, the likelihood of noticing the structure-strategy relationship at the organizational level typically increases if a mismatch between expectations and performance becomes visible. This is the case in the following two examples. The first comes from the domain of German transport policy.

For decades, the idea of an integrated transport policy was debated among policymakers, scientists, and consumer groups, resulting in “a broad consensus that the linking of today’s mostly independently used transport sectors causes positive synergy-effects” (Schöller-Schwedes 2010 pp. 85). Despite this supportive context, German transport policy is still characterized by a poorly coordinated system of traffic carriers in which road, shipping, rail, and air transport remain clearly separated (cf. Lehbruch 1992; Schöller-Schwedes 2010 pp. 85). To be sure, the allocation of competencies in German federalism, the co-existence of public and private traffic providers, and the technological dimension of transport policy all contribute to this political stickiness; nevertheless, the organizational structure of the Federal Ministry of Transport has served as an independent variable in its own right.

Operations within German ministerial departments are strongly influenced by the boundaries between sections and their mostly narrow jurisdiction. This is regarded as a major cause of “selective perception,” which refers to the cognitive boundaries created or amplified by organizational structures so that outside information and problems are either ignored or at least unduly filtered. Therefore, an efficient organization “ought to allow for the recombination of its fragmented parts in policy making processes dealing with interrelated problems and requiring concerted solutions” (Mayntz and Scharpf 1975 pp. 145). However, this is exactly where critical bottlenecks emerge. On average, German ministries consist of five or six divisions, though there are sometimes as many as ten, most of which are policy divisions (*Fachabteilungen*). Although divisions

regularly have broader functions, the orientation and loyalties of their employees are circumscribed by their jurisdiction, which often corresponds to a particular economic sector, policy subfield, or clientele group. The well-known phenomenon of “departmental egoism” also applies to divisions, especially if they are responsible for a policy subfield with a strong epistemic imprint.

Although ministerial bureaucrats are required to “ensure a unified appearance to the public” (§ 3, sect. 3, Joint Rules of Procedures of the Federal Ministries), policy divisions have developed relatively autonomously since the 1950s, which has had significant consequences on policy output. For instance, separate divisions are responsible for road traffic and road construction, and the road construction division has managed to absorb large portions of the federal budget for transport (cf. Dienel 2007 pp. 214). This strong position of road construction in combination with close ties to the car industry led to a path-dependent policy development for decades. An even more outspoken version of clientelism characterizes the small railway division, whose central mission was originally to shield railways from competition from road haulage and other traffic carriers. The three shipping divisions, which are now merged, were equally self-contained; until the German reunification, the division for overseas shipping was located in Hamburg, the largest German seaport, far from the capital of Berlin (Dienel 2007 pp. 207). In this context, crosscutting policies aiming at sustainable transport, improved traffic coordination, and the redistribution of traffic flow have enjoyed little, if any, support (Dienel 2007 pp. 219; Schöller-Schwedes 2010 pp. 93–94). Divisional idiosyncrasies have made it difficult to persevere in advocating reforms that are not compatible with the interests of traffic carriers and their interest groups (Lehmkuhl 1999 pp. 96–126). Although newly incoming ministers have repeatedly reorganized the department according to their political aspirations (see the following section for more details), not even the 1998 merger of the Ministry of Transport and the Ministry for Regional Planning and Urban Construction managed to eliminate the trenches between policy divisions (Dienel 2007 pp. 221).

Ministries regularly enjoy sovereignty over reorganization issues. By contrast, other public-sector organizations depend on the agreement of their political principals, even in the absence of formal regulations. For instance, the evolution of the U.S. Environmental Protection Agency (EPA) has been accompanied by both the structure-strategy relationship as well as external constraints on organizational adjustment. When the EPA was launched in 1970, its founders focused on “principles of comprehensive environmental management” (Marcus 1991 pp. 5). This idea not only reflected the holistic view of the environmental protection movement but also served as a response to the fragmentation of the roughly fifteen environmental and public health programs out of which the EPA was assembled. The original recommendation was to organize the EPA along mission-based categories, such as monitoring, research, and standard settings, in order “to break down artificial bureaucratic distinctions, eliminate duplication and waste, and achieve greater integration of operations” (Marcus 1991 pp. 23). Finally, however, the EPA obtained a nearly M-form structure in which the main programs for water quality, air pollution, pesticides, radiation, and solid waste were located in separate divisions so as to comply with the segmented committee structure of U.S. congress (Wilson 1989 pp. 268). Observers repeatedly regarded divisionalization of EPA as a restriction for crosscutting policies. The diagnosis is similar to the German example of coordination problems between self-contained divisions: “[EPA] programs

and offices [are] so narrowly tailored, so content specific that they cannot effectively handle pollutants that cross multiple environmental media” (Arnold and Whitford 2005 pp. 120). This “programmatically inheritance” (Marcus 1991 pp. 23) has persisted into the present, albeit at a more moderate level.

The previous examples suggest that the M-form affects the range of strategic options so as to restrict the pursuance of particular policies. Although there are few reasons to regard multidivisional organizations as less efficient or less functional when they operate in the public sector, it should be recognized that the M-form tends to generate “policy islands,” which are expressed through the idiosyncrasies of single divisions that work against crosscutting policies. The upshot is that policy persistence seems to be a recurrent impact of the multidivisional structure on strategy, which contrasts with the unfettered, efficient image of the M-form in organization studies.

Managing Multidivisional Organizations

In the organization and management literature, the M-form is regarded as a technique for releasing chief executives from the pressure of routine decision-making and for preventing information overload (Williamson 1975 pp. 137; Hoskisson et al. 1993 pp. 272; Hitt et al. 2009 pp. 347). This gives the M-form a clear advantage over the U-form assuming that the divisions are allowed to operate in an environment with clearly separated segments. In the public sector, however, policy subsystems often generate interrelated problems to the extent that coordination among the divisions becomes more relevant. It is therefore reasonable to expect chief executives to switch from a pure or “optimal” M-form to what Williamson (1975 pp. 163) has called a “corrupted” version.

Again, the German Ministry of Transport can serve as an example of how the need for coordinating a multidivisional structure can be translated into different leadership strategies. During the late 1960s, a project group was established in the ministry to prepare a comprehensive traffic plan. The division for road construction, which was dominated by engineers who advocated increased investment in road construction (Dienel 2007 pp. 213–214), was deliberately excluded. Instead, the general policy division (*Grundsatzabteilung*) was given a greater role in an effort to shield traffic planning from the “captured” divisions (Dienel 2007 pp. 216). The second strategy of the ministry’s leadership involved assigning the responsibility of traffic investment to the general policy division, which resulted in the addition of research planning as a new competence (Dienel 2007 pp. 217). The limited success in developing a coordinated transport policy via strategic reorganization ended after the German reunification because heavy investments in the “new states” (“neue Länder”) were made without regard to previous planning priorities. A third strategy that was used to strengthen a coordinated traffic policy was the re-shuffling of the divisions’ jurisdictions. The division of road construction, which became a notorious target for members of parliament who were interested in investments in their own electoral districts (Dienel 2007 pp. 217), thereby became an object of efforts to alter the internal balance of power.

Reshuffling divisional jurisdiction obviously aims at reducing operational sub-goals that are actually supposed to be avoided by the M-form. In Cooley’s analysis of state building and military occupations, both the U-form and the M-form appear as center-periphery variations that differ in the degree of hierarchy they impose on peripheral units (Cooley 2005 pp. 41). Because the M-form grants more autonomy to the

organizational units, it is likely to create *intra*-bureaucratic drift (Cooley 2005 pp. 49). This tendency supports researchers who argue that Williamson “assumes away the agency problems” (Hoskisson et al. 1993 pp. 275) inherent to the M-form. These agency problems are generally amplified in the public sector, where the performance of divisions cannot simply be measured by comparing their profitability and then reorganized if necessary. Lacking the internal market as a yardstick, the leaders of multidivisional organizations are therefore expected to expand their capacity for interfering with the operations of divisions not only because of the coordination requirements of the policy environment, but also as a method of counterbalancing the problem of *intra*-bureaucratic drift.

These agency problems are reflected in a leadership strategy that has developed in German ministries. Over the past two decades, ministers of all party affiliations have increased the staff size of the minister’s office so as to strengthen *intra*-departmental coordination as well as the ministers’ grip on divisions (Hustedt 2013). The growth of staff units (*Leitungsstäbe*) has received mixed responses inside German ministries. They are either regarded as overly large and self-focused or welcomed as venues that broaden access to a notoriously overloaded leadership team. This refers to the managerial capacity of information processing. As Hammond has argued, the upward information flow is not simply a question of quantity, but “can affect what kind of inference the chief executive might draw from the information he receives” (Hammond 1994 pp. 112). Strengthening the headquarters of a multidivisional organization dilutes pure M-form by centralizing formerly delegated tasks. This is a well-known lever for overcoming problems of either information processing or coordination (Hitt et al. 2009 pp. 352–358), which is of particular importance in ministerial departments because subordinate units not only fulfill an “orientation task” (i.e., making the leadership aware of problems to be dealt with), but they are also expected to conduct a “policy-making task” (Hammond 1994 pp. 110) (i.e., presenting the available options for problem-solving).

Collegial leadership seems to follow a similar logic. Researchers have recently stressed the development of boards for public agencies (Wilks 2008), most notably in Britain and other commonwealth countries. There has also been a long tradition of collegial leadership in the U.S., where regulatory commissions are headed by three or more appointed commissioners in an effort to neutralize political interference (Magill and Vermeule 2011). The board model is no longer a purely Anglo-Saxon fad, having made inroads in continental Europe, where the French model of monocratic and hierarchical bureaucracy dominated throughout the 19th and 20th centuries. In Germany, it took slightly more than half a decade for the board model to become an accepted leadership structure for government agencies with functions as diverse as labor market policy, drug control, and financial-service regulation. Until 2002, financial services in Germany were regulated to a sectoral basis, with banking, insurance, and securities divided into single supervising agencies. As financial markets converged, this structure became increasingly regarded as outdated, and policymakers were prompted to adopt the British model, in which a single supervisory authority was responsible for the entire range of financial services. Thus, the Federal Office for Financial Services Oversight (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) was established in 2002. At that time, there was a clear consensus in favor of a monocratic agency, which is a standard solution to ensure accountability (Bundestag 2001 pp. 34). However, in a

recent law intended to reorganize the BaFin, a new argument surfaced, namely that the increasing complexity of financial markets requires collegial leadership. Having five “executive directors” instead of a single “president” would “secure technically sound decisions across the whole range of BaFin functions” (Bundestag 2007 pp. 8). In fact, the event that triggered this reorganization was a corruption scandal ascribed to a lack of internal control. However, the justification given in the bill is reminiscent of contingency theory: Politicians missed synergies between divisions that were focused on different segments of the financial market. Collegial leadership was expected to strengthen the BaFin’s ability to adapt its operations to increasingly interdependent financial markets. More generally, the board model can be seen as a reaction of multidivisional organizations operating under both the conditions of “market diversity” (i.e., fully integrated markets or, in the present case, inter-connected policies) (Mintzberg 1979 pp. 393) and the ensuing need to upgrade managerial capacity for directing divisions.

Leadership is the dimension in which the relationship between the multidivisional structure and policy output is least obvious. Nonetheless, changing leadership strategies and/or reorganization activities can be regarded as a reaction to deficient outputs caused by the M-form. This is a clear deviation from the effects the M-form is supposed to have in the private sector. Because multidivisional organizations need more internal coordination under the conditions of interrelated policy environments, the “transitional stage” (Williamson 1975 pp. 153) does not lead to an “optimal” divisionalization (i.e., to minimum interference by the headquarters); instead, the M-form tends to generate a micromanagement of divisional operations in the public sector. The agency problems inherent to the M-form are often underestimated in the management and organization literature, especially if divisions are geographically dispersed (Cooley 2005 pp. 50). Irrespective of their direction, managerial efforts to modify the M-form suggest that the divisional structure is jointly responsible for discrepancies between desired policy output and actual performance.

Multiple External Relations

Although the external-relations dimension is not a canonical part of the M-form concept, it is possible to observe regularities at two levels. Even though the M-form explicitly applies to the *intra*-organizational level, the concept has also travelled to the *inter*-organizational and the institutional level. According to Mintzberg, it is easy to imagine “the entire government as a giant Divisionalized Form” (Mintzberg 1979 pp. 402). Without making explicit reference to Mintzberg, Cooley (2005) applied the idea to the process of state-building. In his analysis, the U-form “is analogous to state formation and consolidation” (Cooley 2005 pp. 36), whereas the M-form represents a more advanced type of state organization because authority is delegated “to geographically specified units, which in turn, are responsible for the formulation, execution, and administration of peripheral governance” (Cooley 2005 pp. 41). Contrary to the standard argument that unified states have a greater capacity to enforce controversial policies, the divisionalization of government may become a key factor in decisions of political action (Czada 1992 pp. 172–174). One potential advantage of a divisionalized government structure is the multiplication of interfaces with society or the economy.

Conflicts are easier to resolve under the assumption that interest groups organize themselves in a complementary way, as is the case in a closed and unified state structure. Mutual benefit can be achieved in two ways: Either a pre-existing division between government organizations serves as a “shock-absorber” (Busch 2005) in critical situations, or the M-form allows the representation of different interests inside government and thereby helps to create checks and balances (Tirole 1994 pp. 24).

William Ouchi (1984) explicitly refers to the M-form as a means for improving government-business relations. Ouchi’s test case is the once-famous Japanese Ministry for Trade and Industry (MITI), which originally consisted of two types of divisions. One type was focused on industry sectors (e.g., electronics and automobiles) and thereby created specialized and regular points of access for industry representatives (Ouchi 1984 pp. 37). The coordination problem that tends to emerge from divisional idiosyncrasies was successfully counterbalanced via a second type of division that was responsible for crosscutting issues, such as industry finance and consumer protection. Unlike in the German Ministry of Transport, MITI divisions shared responsibilities (cf. Ouchi 1984 pp. 54) rather than competing against one another. A second explanation for the ability of the MITI to coordinate business activities can be found in the organization of business interests, which prompted Ouchi to coin the term “M-form society” (though “M-form economy” would probably be more appropriate). Whereas the ideal-type version of European corporatism is dominated by encompassing interest groups that are able to aggregate the special demands of single members into policy positions that are general enough to be consistent with governmental jurisdictions, Ouchi observed a different pattern in Japan, where business firms “ha[d] organized into units initially small enough to share common interests” but retained the ability “to regroup into larger associations that still share those areas of self-interest at the higher level” (Ouchi 1984 pp. 56). This mode of organization appears to have created a goodness-of-fit with MITI structures and thereby to have facilitated state-industry cooperation.

The declining success of Japanese ministries, serving as catalysts of industrial innovation and growth, does not contradict the assumption that industry and interest groups have strong incentives to engage in a “reverse mimetism”; rather, it raises the question of how interest groups adapt to state structures. Assuming that interest groups recognize the potential benefits of a complementary organization structure, the M-form is likely to stimulate more centralized and encompassing interest-group structures than is the U-form. This somewhat unanticipated prediction refers to the conceptual core of the M-form, which involves the integration of separate tasks or products inside a single organization. By contrast, U-form organizations tend to be much more specialized because they produce only a single product or service. Interest groups that adapt to a unitary organization could be expected to be more specialized and fragmented. The impact of the M-form on external relations can therefore be summarized as having a strategy-generating effect on the organization itself as well as a mimetic effect on external groups.

Popular concepts from interest-group research, such as clientelism and capture, can also be related to the external dimension. Philip Selznick’s famous study of the Tennessee Valley Authority (TVA), which had been described as a prototype M-form organization long before the concept was developed, offers several examples. The TVA

harbored functions as varied as power engineering and construction, water control and irrigation, and forestry and agricultural development. Several of the large TVA divisions excelled in creating an “administrative constituency” of their own, defined as “a group, formally outside a given organization, to which the latter (or an element within it) has a special commitment” (Selznick 1949 pp. 145). Inside the TVA, a typical pattern emerged according to which divisions, such as the Power Utilization Department and the Department of Forestry Relations, developed strong ties with local groups both to obtain outside support for their programs and to strengthen their position within the TVA (Selznick 1949 pp. 147–150, 240–242). According to Selznick, the Agricultural Relations Department was the “foremost representative of the grass-roots approach” (Selznick 1949 pp. 109) and became notorious for an unbalanced cooperation with different farmer groups. Among others, a large fertilizer program was criticized for disregarding the needs of poor farmers who could not afford the crop rotation necessary for the department’s favored phosphate fertilizer (Selznick 1949 pp. 99). Cases such as this were part of the norm as local elites “co-opted” other TVA divisions and thereby changed their missions (Wilson 1989 pp. 72–75).

Although co-optation and goal displacement are not restricted to a particular organizational configuration, the M-form seems to be more vulnerable (Cooley 2005 pp. 58) because single divisions offer a complete product or service to clientele groups. This is less likely in the case of unitary organizations because the specialization of single units makes them less interesting to clientele groups. If capture occurs, it can therefore be expected to affect the whole U-form organization. The external-relations dimension indicates that the effects of the M-form on policy output can be divided into two categories: a performance-enhancing type of relationship and a performance-subverting type. The broader interfaces of M-form organizations support their ability to consider diverse social and economic interests and coordinate them within a single organizational framework. However, this opportunity structure, mixed with the idiosyncrasies of single divisions, is vulnerable to capture by interest groups, thereby subverting crosscutting policy goals and performance. As indicated in the previous section, this fate of the M-form in the public sector is not inevitable and can be avoided through a tighter control of divisional operations.

Table 2 Effects of the M-form in the public sector

M-form Dimensions	Effects on Policy Output
Structure-Strategy Relationship	<ul style="list-style-type: none"> • Enables multiple functions in a single organization • Aggravates crosscutting strategies
Management/Leadership	<ul style="list-style-type: none"> • Provoking operational sub-goals • Prompting micromanagement of divisional operations
External Relations	<ul style="list-style-type: none"> • Simultaneous relations with different clienteles • Coordination problems • Clientelism or capture

Conclusions

Since previous research has made a strong case for the fact *that* organization matters but says little on *how* it matters, this paper asked what insights can be gained by analyzing public-sector organizations from a theory-driven intra-organizational perspective. Focusing on the M-form was not intended to promote a particular type of organization as more efficient or better suited to public-sector functions; instead, we argued against the black-box image of public-sector organizations by stressing that the M-form has an independent impact on the policy outputs of public-sector organizations. The most salient effects of the M-form on policy output (which demonstrates almost equally balanced positive and negative effects) can be observed in the structure-strategy- and the external-relations dimension (see Table 2).

In both dimensions, the M-form increases the number of tasks that can be implemented by an organization simultaneously. At the same time, however, the M-form causes coordination problems if crosscutting tasks are required by an interrelated policy environment. This, in turn, restricts the pursuit of specific policies. The most important reason for this restriction is the existence of self-interested divisions that are inclined to policy persistence or clientelistic relations with interest groups. Divisionalization, however, is not a structural flaw per se. As can be observed in the leadership dimension, there are instruments that counterbalance the negative effects, even if this counterbalance violates the “uncorrupted” M-form model. Variations across the three dimensions become obvious when applying the M-form outside of the private sector. The findings concerning the structure-strategy relationship are equally valid for both sectors. By contrast, there are significant differences between the two sectors with respect to the leadership dimension. Neither an increased managerial capacity nor a prevention of intra-bureaucratic drift is a typical effect for multidivisional organizations operating in the public sector. Due to a lack of attention by the management and organization literature, there are no behavioral predictions for the external-relations dimension. Nonetheless, in addition to multiple tasks, both clientelism and ensuing coordination problems are likely effects of the M-form in the public sector. In a more general sense, the M-form concept serves as a showcase for the analytical suggestion that organizations “are a ‘they’, not an ‘it’” (Magill and Vermeule 2011 pp. 1036).

Because of the exploratory character of this paper, two caveats should be added. First, the aspirations in predicting effects between organizational structure and policy output based on a few examples can only be modest. A second caveat, which points in a similar direction, concerns the different settings in which the above-mentioned public-sector organizations operate. Because the examples vary along the geographical and temporal dimensions, they are not suited to be representative. Aside from sweeping generalizations, however, the effects summarized in Table 2 provide ample evidence for the need to take the internal life of public-sector organizations more seriously. How these organizations react to external demands, pressures, and turbulence is influenced by their internal structure and operations, all of which should be used more frequently as independent variables to explain the policy output and behavior of public-sector organizations.

The value-added contributions of organization theory certainly extend beyond the M-form. Because public-sector organizations are regularly not allowed to change their

function, size, or even the majority of their internal operations without consent from political principals, it is unlikely that concepts will be useful if these organizations assume autonomous adaptation or reorganization, as is the case with organization ecologies and isomorphic change. Reconsidering the reduced range of adaptive mechanisms and the greater stability of organizations in the public sector leads to internal decision-making procedures, role perception and differentiation, and structure-related concepts appearing more promising for political-science purposes because these organizational properties focus on variables that are likely to imbue the intra-organizational dimension with a stronger independent impact on operations and output. In political-science- and public-administration research, the internal structure of organizations regularly fails to be considered as a potential explanation for the behavior of political organizations, which is mainly accounted for by external conditions. As long as the object of research is regarded as a homogeneous entity, it is difficult to direct attention to policies generated *inside* this object. The full potential of organization theory can therefore only be tapped into if the internal structures of public-sector organizations that serve both as “action generators” (Starbuck 1983) and filters for policy output are more thoroughly recognized. Currently, however, political science hardly makes use of such an analytical perspective.

References

- Arnold, R., & Whitford, A. B. (2005). Organisational dilemmas of the EPA: why structure matters for environmental protection. *Environmental Politics*, 14(1), 118–123.
- Bauer, M. (2008). Organisational change, management reform and EU policy-making. *Journal of European Public Policy*, 15(5), 627–674.
- Beck-Jørgensen, T., Hansen, H. F., Antonsen, M., & Melander, P. (1998). Public organizations, multiple constituencies, and governance. *Public Administration*, 76(3), 499–518.
- Bundestag (2001). Entwurf eines Gesetzes über die integrierte Finanzdienstleistungsaufsicht. *Drucksache 14/7033*. Berlin: Bundestag.
- Bundestag (2007). Entwurf eines Gesetzes zur Modernisierung der Aufsichtsstruktur der Bundesanstalt für Finanzdienstleistungsaufsicht. *Drucksache 16/7078*. Berlin: Bundestag.
- Burton, R. M., & Obel, B. (1998). *Organizational diagnosis and design: Developing theory for application*. Boston: Kluwer Academic Publications.
- Busch, A. (2005). Shock-absorbers under stress: parapublic institutions and the double challenges of German unification and European integration. In S. Green & W. E. Paterson (Eds.), *Governance in contemporary Germany. The semi-sovereign state revisited* (pp. 94–114). Cambridge: Cambridge University Press.
- Chandler, A. (1962). *Strategy and structure: chapters in the history of American enterprise*. Cambridge: MIT Press.
- Chang, K. H., de Figueiredo, R. J. P., & Weingast, B. R. (2001). Rational choice theories of bureaucratic control and performance. In W. F. Shugart & L. Razzolini (Eds.), *The Elgar companion to public choice* (pp. 271–292). Cheltenham: Edward Elgar Press.
- Christensen, T., Lægreid, P., Roness, P. G., & Røvik, K. A. (2007). *Organization theory and the public sector: Instrument, culture and myth*. London: Routledge.
- Cohen, D. K., Cuéllar, M.-F., & Weingast, B. R. (2006). Crisis bureaucracy: homeland Security and the political design of legal mandates. *Stanford Law Review*, 59(1), 653–759.
- Cooley, A. (2005). *Logics of hierarchy: The organization of empires, states, and military occupations*. Ithaca: Cornell University Press.
- Czada, R. (1992). Der Staat als “wirtschaftender” Akteur. Differenzierung, Autonomisierung und Leistungssteigerung in handlungstheoretischer Perspektive. In H. Abromeit, & U. Jürgens (Eds.), *Die politische Logik wirtschaftlichen Handelns* (pp. 171–214). Berlin: Berlin: edition sigma.
- Czarniawska, B., & Sevón, G. (2003). *The Northern Lights – Organization Theory in Scandinavia*. Copenhagen: Copenhagen Business School Press.

- Denhardt, R. B. (2000). *Theories of public organization*. Orlando: Harcourt Brace.
- Dessaux, P.-A., & Mazaud, J. P. (2006). Hybridizing the merging European corporation: Danone, Hachette, and the divisionalization process in France during the 1970s. *Enterprises and Society*, 7(2), 227–265.
- Desveaux, J. A. (1995). *Designing bureaucracies: Institutional capacity and large-scale problem solving*. Stanford: Stanford University Press.
- Dienel, H.-L. (2007). Das Bundesverkehrsministerium. In O. Schöller, W. Canzler, & A. Knie (Eds.), *Handbuch Verkehrspolitik* (pp. 200–224). Wiesbaden: VS Verlag.
- Dixit, A. (2002). Incentives and organizations in the public sector: an interpretative review. *The Journal of Human Resources*, 37(4), 696–727.
- Egeberg, M. (2003). How bureaucratic structure matters: An organizational perspective. In B. G. Peters & J. Pierre (Eds.), *Handbook of Public Administration* (pp. 116–126). London: Sage.
- Egeberg, M., & Lægreid, P. (1999). *Organizing political institutions: Essays for Johan P. Oslo*. Oslo: Scandinavian University Press.
- Eisner, M. A. (1991). *Antitrust and the triumph of economics. Institution, expertise and policy change*. Chapel Hill: University of North Carolina Press.
- Fligstein, N. (1985). The spread of the multidivisional form among large firms 1919–1979. *American Sociological Review*, 50(3), 377–391.
- Gammelsæter, H. (2003). The conceptualization of managerialism in the public sector: coherence and contraction. Paper presented at the 18th EGOS Colloquium, Barcelona, July 4–6, 2002
- Hammond, T. H. (1990). In defense of Luther Gulick's 'notes on the theory of organization. *Public Administration*, 68(2), 143–173.
- Hammond, T. H. (1994). Structure, strategy, and the agenda of the firm. In P. Rumelt, D. E. Schendel, & D. J. Teece (Eds.), *Fundamental Issues in Strategy: A Research Agenda* (pp. 97–154). Boston: Harvard Business School Press.
- Hartlapp, M. (2007). Intra-Kommissionsdynamik im Policy-Making: EU-Politiken angesichts des demographischen Wandels. In I. Tömmel (Ed.), *Die EU: Governance und Policy-Making* (pp. 139–160). Wiesbaden: VS Verlag.
- Hitt, M. A., Ireland, D. R., & Hoskisson, R. E. (2009). *Strategic management: competitiveness and globalization*. Ohio: South-Western Cengage Learning.
- Hoskisson, R. E., Hill, C. W. L., & Kim, H. (1993). The multidivisional structure: organizational fossil or source of value. *Journal of Management*, 19(2), 269–298.
- Hustedt, T. (2013). *Ministerialverwaltung im Wandel: Struktur und Rolle der Leitungsbereiche im deutsch-dänischen Vergleich*: Nomos Verlagsgesellschaft.
- James, O. (2001). Business models and the transfer of business-like central government agencies. *Governance*, 14(2), 233–252.
- Kelman, S. (2007). Public management and organization studies. In J. P. Walsh & A. P. Brief (Eds.), *The academy of management annals* (Vol. 1, pp. 225–267). New York: Lawrence Erlbaum Associates.
- Kogut, B., & Parkinson, D. (1998). Adoption of the multidivisional structure: analyzing history from the start. *Industrial and Corporate Change*, 7(2), 249–273.
- LaPalombara, J. (2001). Power and politics in organizations: Public and private sector comparisons. In M. Dierkes, A. B. Antal, J. Child, & I. Nonaka (Eds.), *The handbook of organizational learning and knowledge* (pp. 557–581). Oxford: Oxford University Press.
- LaPalombara, J. (2009). The organizational "gap" in political science. In G. King, K. L. Schlozman, & N. Nie (Eds.), *The Future of Political Science. 100 Perspectives* (pp. 221–223). New York: Routledge.
- Lehmbruch, G. (1992). Bedingungen und Grenzen politischer Steuerung im Verkehrssektor. In V. D. Elektrotechniker (Ed.), *Politik und Technik in der Verantwortung* (pp. 168–193). Frankfurt/Main: VDE.
- Lehmkuhl, D. (1999). *Importance of small differences: European integration and road haulage associations in Germany and the Netherlands*. Amsterdam: Thela Thesis.
- Lindquist, E. (2009). Public administration research and organization theory: Recovering alternative perspectives on public service institutions. In O. P. Dwivedi, T. Mau, & B. Sheldrick (Eds.), *The Evolving Physiology of Government. Canadian Public Administration in Transition* (pp. 40–71). Ottawa: University of Ottawa Press.
- Lorsch, J. W., & Stephen, A. (1973). *Managing diversity and interdependence: an organizational study of multidivisional firms*. Boston: HBS Division of Research.
- Magill, E., & Vermeule, A. (2011). Allocating power within agencies. *Yale Law Journal*, 120(4), 1032–1083.
- Majone, G. (1997). From the positive to the regulatory state: causes and consequences of changes in the mode of governance. *Journal of Public Policy*, 17(2), 139–167.
- March, J. (1997). Administrative practice, organization theory and political philosophy: ruminations on the Reflections of John M. Gaus. *Political Science and Politics*, 30(4), 689–698.

- Marcus, A. A. (1991). EPA's organizational structure. *Law and Contemporary Problems*, 54(4), 5–40.
- Mayntz, R., & Scharpf, F. W. (1975). *Policy-making in the German federal bureaucracy*. Amsterdam: Elsevier.
- Meier, K. J., & Krause, G. A. (2003). The scientific study of bureaucracy: An overview. In K. J. Meier & G. A. Krause (Eds.), *Politics, policy and organizations. Frontiers in the scientific study of bureaucracy* (pp. 1–19). Ann Arbor: Michigan University Press.
- Mintzberg, H. (1979). *The structuring of organizations. A synthesis of research*. Englewood Cliffs: Prentice-Hall.
- Moe, T. (1990). The Politics of Structural Choice: Toward a Theory of Public Bureaucracy. In O. E. Williamson (Ed.), *In Organization Theory From Chester Barnard to the Present and Beyond* (pp. 116–153). New York: Oxford University Press.
- Moe, T. (1991). Politics and the theory of organization. *Journal of Law, Economics and Organization*, 7(1), 106–128.
- Moynihan, D. P., & Soss, J. (2014). Policy feedback and the politics of administration. *Public Administration Review*, 74(3), 320–332.
- Olsen, J. P. (1991). Political science and organization theory. Parallel agendas but mutual disregard. In R. M. Czada, & A. Windhoff-Héritier (Eds.), *Political choice: Institutions, rules, and the limits of rationality*. Frankfurt/M.: Campus.
- Olsen, J. P. (2007). Organization theory, public administration, democratic governance. *Nordiske Organisasjons Studier*, 9(1), 93–110.
- Ouchi, W. G. (1984). *The M-form society: How American teamwork can recapture the competitive edge*. MA: Addison-Wesley.
- Peters, B. G. (1995). *The politics of the bureaucracy*. Longman: White Plains.
- Pfeffer, J. (2006). Like ships passing in the night: the separate literatures of organization theory and public management. *International Public Management Journal*, 9(4), 457–465.
- Pollitt, C., & Bouckaert, G. (2004). *Public management reform. A comparative analysis*. Oxford: Oxford University Press.
- Rainey, H. (1997). *Understanding and managing public organizations*. San Francisco: Jossey Bass.
- Schick, A. (2002). Agencies in search of principles. In OECD (Ed.), *Distributed public governance: Agencies, authorities and other autonomous bodies*. Paris: OECD.
- Schöller-Schwedes, O. (2010). The failure of integrated transport policy in Germany: a historical perspective. *Journal of Transport Geography*, 18(1), 85–96.
- Selznick, P. (1949). *TVA and the grassroots. A study of politics and organization*. Berkeley: University of California Press.
- Simon, H. (1946). The proverbs of administration. *Public Administration Review*, 6(1), 53–67.
- Starbuck, W. H. (1983). Organizations as action generators. *American Sociological Review*, 48(1), 91–102.
- Stinchcombe, A. L. (1990). *Information and Organizations*. Berkeley: University of California Press.
- Strikwerda, J., & Stoelhorst, J.-W. (2009). The emergence and evolution of the multidimensional organization. *California Management Review*, 51(4), 11–31.
- Tirole, J. (1994). The internal organization of government. *Oxford Economic Papers*, 46(1), 1–29.
- Trondal, J. (2011). Bureaucratic structure and administrative behavior: lessons from international bureaucracies. *West European Politics*, 34(4), 795–818.
- Vestlund, N. M. (2015). Changing policy focus through organizational reform? The case of the pharmaceutical unit in the European Commission. *Public Policy and Administration*, 30(1), 92–112.
- Whitford, A. B. (2006). Unitary, divisional, and matrix forms as political governance systems. *Journal of Management Governance*, 10(4), 435–454.
- Wilks, S. (2008). Boardization and corporate governance in the UK as a response to depoliticization und failing accountability. *Public Policy and Administration*, 22(4), 443–460.
- Williamson, O. E. (1975). *Markets and hierarchies*. New York: The Free Press.
- Wilson, J. Q. (1989). *Bureaucracy. What government agencies do and why they do it*. New York: BasicBooks.

Marian Döhler is professor of public policy and public administration. He currently serves as vicedean of the faculty of philosophy at Leibniz University Hannover and is editor-in-chief of the peer-reviewed journal “der moderne staat”.