Analysis of Change within Intergovernmental Organizations

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Comments most welcome!

Introduction

This paper acknowledges that there is little understanding of the sources and, above all, the process of change in an organization. In the academic literature, there is even less comprehension about institutional and policy changes that the international organizations are currently undergoing. This study wants to fill in the existing research gap by focusing the analysis on the processes of change in international organizations and on how these processes should be eventually conceptualized in order to provide better explanation and greater understanding of the ongoing developments in the structures of the international organizations.

This paper attempts to conceptualize and analytically systematize the process of change in intergovernmental organizations. This study presents specific variables that determine the process of change and builds a model that aims at clarifying casual links between various factors that influence the change in the international organizations. Once the basic types of the organizational change are specified and explained, the goal of this research is to determine conditions under which accommodation (conservative change) and transformation (radical change) are more likely to occur in the international organizations. Thus, this research offers an analytical framework to understand the conditions under which different types of (transformation and accommodation) change occur in the international organizations. Six generalizable propositions are put forward. They hypothesize, or in other words, establish a casual relation between specific actors' and structure-related variables on the one hand and particular types of changes on the other. In order to operationalize considered propositions, this study presents preliminary findings of the research connected with the International Labor Organization and with the process of change that this organization has embarked on in the 1990s.

It should be, however, underlined that this study represents an ongoing research that is still in its initial stages of implementation. In other words, the extensive analytical conceptualization precedes still to-be-made experiential observations. This is why this research possibly offers more theoretically-oriented questions and open-ended queries and assumptions than definite answers and empirically-tested explanations. Nevertheless, the expanded conceptual analysis serves the purpose of systematizing our knowledge and understanding of a process of change in the organizations in general and in the international organizations in particular. Finally, the ILO case study, low as it may, it does, nonetheless, increase the accuracy of the analytical part of this paper by operationalizing its main theoretical propositions while placing them in experiential contexts.

Change and resistance to it: empirical puzzle

The basic assumption of this study is that the organizational change is prevalent and a resistance to it robust. In fact, never before have so many social organizations embarked on so many institutional and policy changes and yet an internal organizational resistance to such changes continues to be so powerful.

Although a change became "pervasive and persistent"[1] thus, almost a natural element of an organizational life and a surrounding institutional environment there are still strong, organizationally built-in, mechanisms that hinder change and make organizations being inertial (although not unchangeable). Hence, "structural inertia is a property of all organizational forms"[2]. This, in turn, attests to the opinions expressed by other scholars that organizations, having a stake in the status quo, are usually change-resistant[3], show "great

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[1] David Collins, Climbing Bridalveil Falls: Organization Change, Process and Re-engineering, *Strategic Change*, vol.11 (2002): 88.

[2] Heather A. Haveman, Between a Rock and a Hard Place: Organizational Change and Performance under Conditions of Fundamental Environmental Transformation, *Administrative Science Quarterly*, vol.37, no.1 (March 1992): 50.

[3] Paul Pierson, The Limits of Design: Explaining Institutional Origins and Change, *Governance: An International Journal of Policy and Administration*, vol. 13, no.4 (October 2000): 490, Henrich R. Grieve, Performance, Aspirations, and Risky Organizational Change, *Administrative Science Quarterly*, vol.43, no.1,

sluggishness in adapting to their environments"[4] and tend to appreciate certainty and stability over change even thought it may ultimately prove to be a short-sighted view and threaten them with extinction[5]. As a consequence, organizations are often characterized by inaction, (which cannot be mistaken with non-action), where the organizations' constituents (e.g. bureaucracies) resist changes because of their habit-driven behavior[6], aversion to risk-taking and a fear of greater uncertainties associated with a process of change[7]. The actors in organization tend to favor already known rules and routines, which they became familiar with through their past experience and oppose "uncertain visions of the future"[8] that the ongoing or planned reforms are to bring about . In other words, since change within an organization implies 'sunk costs' while returns and possible benefits remain uncertain, organizations "prefer to stay with their structure"[9]. In this way, a change within organization may be viewed as an exceptional event[10]. And if something occurs within organization, it is not a change *per se* but rather a perpetual replication and reinforcement of the already established modes of organizational culture, routines, interactions and thinking[11]. This process has more in common with inertia and preservation of the existing structures rather than with any attempts to re-design (change) an organization, its policies and organs. Thus, a change within organization turns itself into a puzzle. An issue of change becomes still more perplexing if one considers public organizations[12] or large and complex intergovernmental organizations[13]

(1998):58, Paul Ingram and Karen Clay, The Choice-Within-Constraints New Institutionalism and Implications for Sociology, *Annual Review of Sociology*, vol.26 (2000): 540.

[4] Danny Miller and Peter H. Friesen, Momentum and Revolution in Organizational Adaptation, *Academy of Management Journal*, vol.23, no.4 (1980): 591.

[5] B. Hedberg, P. Nystrom and W. Starbuck, Camping on Seesaws: Prescriptions for a Self-Designing Organization, *Administrative Science Quarterly*, vol.21, (1976): 41-65. Paul J. DiMaggio, Interest and Agency in Institutional Theory, in L. G. Zucker, ed., *Institutional Patterns and Organizations: Culture and Environment*, Balinger (Cambridge MA, 1988): 3-21, Joseph Galaskiewicz and Stanley Wasserman, Mimetic Processes Within An Interorganizational Field: An Empirical Test, *Administrative Science Quarterly*, vol. 34 (1989): 454-479, Alex Z. Kondra and C. R. Hinings, Organizational Diversity and Change in Institutional Theory, *Organizational Studies*, vol.19, no.5 (1998):743-767. Paul Ingram and Karen Clay, The Choice-Within-Constraints New Institutionalism and Implications for Sociology, *Annual Review of Sociology*, vol.26 (2000): 540, Miller and Friesen (1980): 591.

[6] Jönsson highlighted the issue of a habit-driven behavior as an obstacle to change within international regime. He refers to Rosenau, who indicated that choices are constrained by habitual memories, beliefs and expectation. See Christen Jönsson, Cognitive Factors in Regime Dynamics, in Volker Rittberger and Peter Mayer, *Regime Theory and International Relations*, Clarendon Press (Oxford 1997):215 and 216.

[7] On the subject of the impact of uncertainty and risk-aversion on the actors' unwillingness to initiate organizational changes see S. P. Tolbert and L. G. Zucker, Institutional Sources of Change in the Femoral Structure of Organizations: The Diffusion of Civil Service Reform, 1880-1935, *Administrative Science Quarterly*, vol.28 (1983): 22-39, S. P. Tolbert, Resource Dependence and Institutional Environments: Sources of Administrative Structure in Institutions of Higher Education, *Administrative Science Quarterly*, vol.30 (1985): 1-13, Albert J. Mills and Tony Simmons*, Reading Organization Theory*, Garamond Press (Toronto 1995), Jorgen Gronnegard Christensen, Interpreting Administrative Change: Bureaucratic Self-Interest and Institutional Inheritance in Government, *Governance: An International Journal of Policy and Administration*, vol.10, no.2 (April 1997): 143-174.

[8] Cameron M. Ford, The Futurity of Decisions as a Facilitator of Organizational Creativity and Change, *Journal of Organizational Change Management*, Vol. 15 No. 6, (2002): 636.

[9] Massimo G. Colombo and Marco Delmastro, The Determinants of Organizational Change and Structural Inertia: Technological and Organizational Factors, *Journal of Economics & Management Strategy*, (Winter 2002): 596.

[10] Infrequency of change and a general stability of (nationally-based) organizations is depicted by the theory of "punctuated equilibrium", which indicates that organizations are generally characterized by the periods of long stable development (equilibrium), which is sometimes "punctuated" by abrupt and short changes. See, among others, C. J. G. Gersick, Revolutionary Change Theories: A Multilevel Exploration of the Punctuated Equilibrium Paradigm, *Academy of Management Review*, vol.16 (1991): 10-36. Eliane Romanelli and Michael L. Tushman, Organizational Transformation as Punctuated Equilibrium: An Empirical Test, *Academy of Management Journal*, vol.37, no.5 (1994):1141-1166.

[11] Royston Greenwood and C. R. Hinings, Understanding Radical Organizational Change: Bringing Together the Old and the New Institutionalism, *Academy of Management Review*, vol. 21, no. 4 (1996):1027

[12] For example, Gioia and Thomas, while conducting analysis of the dynamic of changes within American colleges and universities, stressed that changes within public organizations should by any means be taken for

where the latter are "even more impervious to change"[14] since they are generally further than any other type of organizations (e.g. private enterprises) from market forces or from the citizens' calls for greater accountability and efficiency[15]. The only comprehensive analysis on the 'population' of intergovernmental organizations conducted by Shanks, Jacobson and Kaplan and published in 1996 revealed that between 1981-1992 one third (335) of the total number of intergovernmental organizations died, often because of their inability to change[16] and those, which survived, persisted not because they introduced specific changes in functions, programs or in institutional tools used to implement certain polices but because they were successful in enlarging their membership[17].

Thus, this research preoccupies itself with the empirically-driven puzzle that can be presented in the form of question: *if international organizations generally have such a powerfully embedded inertia, then how does an organizational change occur?*[18].

Multidisciplinary review of the literature on change in organization

The IR literature on change within intergovernmental organizations is rather scarce[19] and the subject of change is missing from the major study-reviews on intergovernmental organizations[20]. While aiming at filling in the research gap, this study treats theorizing on change within intergovernmental organizations as an important means to understand and explain 'behavior' and work of intergovernmental organizations. This research distinguishes two main approaches: **rationalist** and **sociological** in relation to a process of change within organization after having conducted a comprehensive, multi-disciplinary review that

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granted. See Dennis A. Gioia and James B. Thomas, Identity, Image and Issue Interpretation: Sensemaking During Strategic Change in Academia, *Administrative Science Quarterly*, vol. 41 (1996): 370.

[13] Intergovernmental organizations alias international organizations are understood as an amalgamation of more or less formal and informal structures of international cooperation with permanently organized secretariats and other organs. Thus, this research does not focus on another form of international cooperation known as international regimes, which are viewed to be more amorphous and less institutionalized than international organizations whose degree of formalization and issue-mandates are considered to be much richer and more powerful.

[14] Cheryl Shanks, Harold K. Jacobson and Jeffrey H. Kaplan, Inertia and Change in the Constellation of International Governmental Organizations, 1981-1992, *International Organization*, vol.50, no.4 (Autumn 1996): 593.

[15] Ibid.

[16] Shanks *et al* (1996): 594 and 599. These quite unexpected findings prompted the authors to note that international organizations "do have a mortality rate, (which) can be surprisingly high". Shanks *et al.* (1996): 594.

[17] Ibid., 621.

[18] The puzzle, reformulated to suit the research purposes of this paper, has been already articulated DiMaggio and Powell in the context of power of institutions and institutional change. The original puzzle that was also stated in the form of question, was: "If institutions exert such a powerful influence over the ways in which people can formulate their desires and work to attain them, then how does institutional change occur?" P. J. DiMaggio and W. W. Powell, *The New Institutionalism in Organizational Analysis*, University of Chicago Press, (Chicago 1991): 29.

[19] Apart from the analysis of the European Union, which is, however, a special case of being neither a state nor an international organization, the international relations scholarship seldom looks at the process of change within intergovernmental organization. A scarce group of exceptions include: Lawrence T. Farley, *Change Processes in International Organizations*, Schenkman Publishing Company (Cambridge, Massachusetts 1981) and Devesh Kapur, Processes of Change in International Organizations, The New Role and Functions for the UN and the Bretton Woods Institutions, www.wider.unu.edu/research/1998-1999-5.1.publications.htm. Both studies provide only general (descriptive) accounts of processes and sources of change within international organizations. For more theoretically/analytically-oriented studies of change within intergovernmental organizations see William Ascher, New Development Approaches and the Adaptability of International Agencies: the Case of the World Bank, *International Organization*, vol.37, no.3 (Summer 1983): 415-439 and Ernst B. Haas, *When Knowledge is Power. Three Models of Change in International Organizations*, University of California Press (Berkeley 1990).

[20] See, for example, a comprehensive review of the study on intergovernmental organizations presented by Bob Reinalda, where the issue of change within intergovernmental organizations was not included, despite the fact that the literature on attitudinal change in the UN and in the EU was mentioned. Bob Reinalda, An Overview of Approaches and Case Studies, Paper for delivery at the European Consortium for Political Research (ECPR), 29th Joint Sessions of Workshops, Grenoble, France, 6-11 April 2001: 25-29.

encompasses various perspectives from international relations (international regimes), European integration, comparative politics, organizational, management and institutionalist studies.

Rationalist approach, related to the issue of change within international organizations, focuses on the question of why change occurs. It looks at actors or players, understood as concrete personified subjects (e.g. state and its representatives, bureaucracy and its representatives, non-governmental organizations and their representatives). Rationalist approach generally consists of A) realist-oriented studies, B) liberal-oriented studies and C) institutional (rational choice)-oriented studies. The first two approaches are actor-centered whereas the third one structure-centered. In the context of change-determinants both, the realist and liberal studies would focus on the role of certain actors and their preferences whereas rational-choice institutionalism would look at the structure of an organization.

A) The realist-oriented studies underline the role and importance of state actors, whereas the latter stresses the significance of non-state actors as the forces of change within international organizations. According to the realist view, intergovernmental organizations are state-made and, at the same time, state-controlled entities. In other words, the international organizations are agents of states[21], their policies are determined by "self-interested calculations of the great powers"[22], which, as principal actors, use international organizations instrumentally[23]. Since the states maintain their control over international organizations, the autonomy of international organizations is more an "illusion" than reality[24]. Other non-state actor, such as international bureaucracy, play "modest and (…) negligible role"[25] and have little (if any) influence on the organizational change[26]. Ultimately, the nature of organizational arrangements (including also organizational change) is "explained by the distribution of national power capabilities"[27] and "changes in power"[28] among the state.

B) Within rationalist approach, liberal-oriented studies question realist understandings of change within international organizations and argue that states and their power are not enough to explain certain processes within international organizations. Thus, the role of international bureaucracies has been considered[29] and the evidences for the influence and the autonomy of international civil servants within international organizations have been provided[30]. Other liberal research stresses the impact of non-governmental organizations or international social movements on changes within organizations[31].

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[21] Susan Strange cited by Barnett Michael N. and Finnemore Martha, The Politics, Power and Pathologies of International Organizations, *International Organization*, vol. 53, no.4 (Autumn 1999): 709.

[22] John J. Mearsheimer, The False Promise of International Institutions, *International Security*, Vol. 19, No. 3 (Winter 1994/1995):7.

[23] Kenneth W. Abbott and Duncan Snidal, Why States Act Through Formal International Organizations, *Journal of Conflict Resolution*, vol.42, no.1 (February 1998):6 and 24.

[24] Robert Cox and Harold K. Jacobson, *The Anatomy of Influence. Decision Making in International Organization*, Yale University Press, (New Haven: 1974):433.

[25] Hans Mouritzen, *The International Civil Service. A Study of Bureaucracy: International Organizations*, Dartmouth, (Brookfield 1990):2.

[26] Robert I. McLaren, *Civil Servants and Public Policy. A Comparative Study of International Secretariats*, Wilfrid Laurier University Press, (Waterloo, Ontario 1980).

[27] Stephen D. Krasner, Global Communications and National Power: Life on the Pareto Frontier, *World Politics*, vol. 43, no.1 (April 1991):337. See also: Kenneth Neal Waltz, Structural Realism after the Cold War, *International Security*, vol.25, no.1 (Summer 2000):26.

[28] Kranser (1991): 337, also Ibid., 360-366.

[29] Robert O. Keohane, *International Institutions and State Power. Essays in International Relations Theory*, Westview Press, (London: 1997):15. For intergovernmental accounts of the impact of leadership of international administration in connection with the EU see Andrew Moravcsik, (1999), A New Statecraft? Supranational Entrepreneurs and International Cooperation, *International Organization*, Vol.53, No.2: 267-306.

[30] There are sever studies on the importance of international bureaucracy in determination of specific programs and changes within international organizations. Among others, see Robert Cox, The Executive Head: An Essay on Leadership in International Organization, *International Organization*, vol. XXIII, no.2 (Spring 1969): 205-230, Thomas George Weiss, *International Bureaucracy. An Analysis of the Operation of Functional and Global*

C) Institutional theory is often criticized for not providing explanation of and understanding either sources (context) of changes or the way the changes advance in organizations (process of change). Although "institutional theory tends to concentrate on patterns and configurations that persist"[32] and on institutional stagnation rather than institutional transformation, the institutional (rational-choice)-oriented studies do enhance our knowledge about the work of the organizational structure and its impact on change itself. Rational choice institutionalism loosens the concept of 'omnipresent' actors in comparison with both, realist and rational studies and takes into consideration the internal mechanisms of an organization and its structure. Thus, the concerns about falling efficiency, decline in performance, decrease in 'organizational slack' understood as depletion of material resources and a growing organizational misfit between the existing rules and routines and a chosen path of development of an organization contribute to the strengthening the forces for change. In other words, a 'slack search'[33] to acquire more resources and an attempt to maintain a proper 'organizational fit'[34] that will allow to meet constantly shifting demands of the external environment are the main drive for a change in organization. Often, the pressure

In order to strengthen their explanatory variables, realist, liberal and rational-choice institutionalist studies rely on various intervening variables, which are present either in the international environment such as: technological changes, systemic crisis, increase of competition between international organizations, external 'coercive' (via system of rewards and punishments) and imitation-driven ('plagiarizing' the success of other organizations) isomorphisms (exogenous forces) or, a change in membership or organizational leadership and the existence of general or specific organizational functions and assets (endogenous forces). These intervening variables help to account for the creation of the 'organization momentum' for change and explain the shifts in power, preferences, interests of different state and non-state actors within organization, which , turn, shed more understanding on the sources of change within international organizations. (See the table below).

Another branch of literature, which looks at changes within organizations, is associated with a **sociological approach**. This approach consists of <u>ideational studies</u> and <u>organizational studies</u>. Ideational studies, while addressing the question of why change occurs, underline that it is not the actors' power or interest, (which are taken as given in the rationalist approach) that actually matter. The ideational analysis sees the ideas and beliefs as the main variables, which construct preferences and interests of actors and which eventually determine policy outcomes[35]. Thus, shifts in the ideas and beliefs that result from the diffusion of new knowledge, often involving epistemic communities, constitute a stimuli for change[36]. Similarly to the shifts in power, changes in ideas and beliefs may take place outside

International Secretariats, Lexington Books (London 1975), Hans Mouritzen, *The International Civil Service. A Study of Bureaucracy: International Organizations*, Dartmouth, (Brookfield USA 1990), Ine Megens, The Role of NATO's Bureaucracy in Shaping and Widening the North Atlantic Treaty Organization, in Bob Reinalda and Bertjan Verbeek, *Autonomous Policy Making by International Organizations*, Routledge (London 1998): 120-133. Jacques Lemoine, *The International Civil Servant. An Endangered Species*, Kluwer Law International (The Hague 1995): 28-41.

[31] Marc Williams, The World Bank, the World Trade Organization and the Environmental Social Movement, in Higgott Richard, Underhill Geoffrey and Bieler Andreas, *Non-state Actors and Authority in the Global System*, Routledge (London 2000): 241-255. Peter J. Spiro, New Global Communities: Non-governmental Organizations in International Decision-Making Institutions, *The Washington Quarterly*, vol.18, no.1 (1995): 45-57.

[32] Kim Soin, Willie Seal and John Cullen, ABC and Organizational Change: an Institutional Perspective, *Management Accounting Research*, vol.13, (2002): 254.

[33] Anne S. Miner, Terry L. Amburgey and Timothy M. Stearns, Interorganizational Linkages and Population Dynamics: Buffering and Transformational Shields, *Administrative Science Quarterly*, vol.35, no.4 (December 1990): 692.

[34] Kim Soin, Willie Seal and John Cullen, ABC and Organizational Change: an Institutional Perspective, *Management Accounting Research*, vol.13, (2002): 250.

[35] Judith Goldstein and Robert O. Keohane, Ideas and Foreign Policy: An Analytical Framework, in Judith Goldstein and Robert O. Keohane eds., *Ideas and Foreign Policy. Beliefs, Institutions and Political Change*, Cornell University Press (Ithaca and London 1993): 3-30.

[36] For instance, Hall talks about the power of Keynesian ideas, which changed the perception that specific groups had about their interest. Peter Hall ed., *Political Power of Economic Ideas*, Princeton University Press,

of organization, in the international environment (exogenous force), or within the structural framework of an organization (endogenous force) and both may subsequently produce an impact on institutional and policy change within organization. In organizational studies, there is a shift of emphasis from the source of change to the likelihood of change. The variables determining possibility of change are connected with internal features of an organization (endogenous forces) and institutional environment (exogenous forces). In connection with endogenous forces, organizational change depends on: a) *organizational learning*, which generates "sufficient pressure to produce change"[37]. Usually, a distinction is made between simple and complex learning[38] (or single-loop and double-loop learning[39] or adaptation and learning[40]), where the latter serves as an example of greater organizational susceptibility to change than the former, b) *organizational culture* that is composed of overriding organizational ideologies, ideas, beliefs (known as archetypes[41]), logics[42] and established (becoming often habitual) patterns of behavior (routines, standard operating procedures[43]), c) *organizational identity* meaning the way the members see the organization and *organizational image* meaning the way the members believe others see their organization[44] (here comes the issue of legitimacy, prestige and reputation) and d) *organizational strategy*, which shapes objectives, goals and missions of an organization and creates a momentum for organizational learning and thus also constrains or enables organizational change[45]. As for exogenous forces, organizational studies look at a broader institutional (normative) environment in which an organization is located. A likelihood of organizational change, often associated with "normative isomorphism"[46] (e.g. existing professional codes and standards) and an international legitimacy (e.g. an image of a laggard or a leader) is determined by a

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(Princeton, N.J. 1989). Similarly McNamara referring to monetarist ideas, claims that they changed the preferences of states towards certain monetarist policies and eventually enabled the establishment of the European Monetary Union. Kethleen R. McNamara, *The Currency Ideas: Monetary Politics in the European Union*, Cornell University Press (New York 1998). On the role of epistemic communities in transmitting certain ideas, see Peter M. Haas *et al*, Knowledge, Power and International Policy Coordination, *International Organization*, vol. 46, special issue (1992), Peter M. Haas, Obtaining International Environmental Protection through Epistemic Consensus in Ian H. Rowlands and Malory Greene, *Global Environmental Change and International Relations*, Macmillan (Hampshire 1992): 38-59.

[37] Guy B. Peters, *Institutional Theory in Political Science. The 'New Institutionalism'*, Printer, (London 1999): 70.

[38] Markus Jachtenfuchs, *International Policy-Making as a Learning Process?*, Aldershot, (Brookfield USA 1996): 30-41.

[39] Chris Argyris, Single-Loop and Double-Loop Models in Research on Decision-Making, *Administrative Science Quarterly*, vol.21 (September 1976): 363-375, Chris Argyris and Donald. A. Schön, *Organizational Learning*. Addison-Wesley (Massachusetts 1978)

[40] In the context of Haas' studies, adaptation is understood as simple learning, whereas learning means complex learning. See Haas (1990): 3 and 17-49.

[41] Royston Greenwood and C. R. Hinings, *The Dynamics of Strategic Change*, Blackwell (New York 1988) and Royston Greenwood and C. R. Hinings, Understanding Strategic Change: The Contribution of Archetypes, *Academy of Management Journal*, vol.36, no.5 (1993): 1052-1081.

[42] For example, Thornton and Ocasio focus on changing institutional logics of work in the publishing organizations from a professional/managerial logic to a partnership logic of work as a form of organizational change. See Patricia H. Thornton and William Ocasio, Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry 1958-1990, *The American Journal of Sociology*, vol.105, no.3 (Nov 1999): 801-830.

[43] Graham Allison and Philip Zelikow, *Essence of Decision. Explaining the Cuban Missile Crisis*, Second Edition, Longman (New York 1999): 143-254.

[44] Dennis A. Gioia, Majken Schultz, Kevin G. Corley, Organizational Identity, Image and Adaptive Instability, *Academy of Management Review*, vol.25, no.1 (2000): 63-81, Dutton Jane E. and Dukerich Janet M., Keeping an Eye on the Mirror: Image and Identity in Organizational Adaptation, *Academy of Management Journal*, vol.34, no.3 (1991): 517-554.

[45] Organizational strategies can be seen as creating pervasive organizational environment resistant to a change. See Marlene C. Fiol and Marjorie A. Lyles, Organizational Learning, *Academy Management Review*, vol.10, no.4 (1985): 805.

[46] P.J. DiMaggio, and W.W. Powell, *The New Institutionalism in Organizational Analysis*, University of Chicago Press, (Chicago 1991).

normative "thickness" of institutional environment and a degree of normative embeddness of an organization in that environment[47]. (See the table below).

Summary: Forces initiating change in (international) organizations

Rational forces induce behavioral change in organization		**Sociological forces** induce behavioral change in organization	
Realist studies: why does change occur? (sources of change) **Independent variables: states' power, interest and preferences** - shift in interests and preferences of states (Mayer and Rittberger 1997: 23-82) - shift in power among states (Keohane 1984)		Ideational studies: why does change occur? (sources of change) **Independent variables: actors' ideas/beliefs** - changes in shared understandings, beliefs, ideas, held by actors (Scott 1987, Goldstein and Keohane 1993, McNamara 1998) often caused via diffusion of new knowledge by epistemic communities (Haas 1992 and Haas 1997)	
Systemic (exogenous) forces of change:	**Structural (endogenous) factors of change:**	**Systemic (exogenous) forces of change:**	**Structural (endogenous) factors of change:**
Intervening variables			
- "globalizational" changes (Hennis 2001, Jones 2002) - technological change (Young 1999:137) - crises: war, depression, disaster (Kapur 2000: 8-10) - growing competition between IGOs (Kapur 2000: 10-13) - external 'coercive' and imitation-driven isomorphism (DiMaggio and Powell 1991).	- type of organizational assets (Wallander 2000) - change in organizational membership (Young 1999: 136) - succession in organizational leadership (Pfeffer and Davis-Blake 1986)	Organizational studies: How likely or unlikely is change to occur? (possibility of change)	
		- normative embeddness of institutional environment (Greenwood and Hinings 1996: 1023 and 1028) and embeddness of international institutions within external environment (Hasenclever, Mayer and Rittberger 1997: 157)	- organizational learning: simple and complex learning (Haas 1990, Jachtenfuchs 1996, Haas 2000), known also as single-loop and double-loop learning (Argyris and Schön 1978) - organizational culture composed of archetypes: norms, ideas, beliefs, ideologies (Greenwood and Hinings 1988 and 1993), logics (Thornton and Ocasio 1999) and routines, standard operating procedures as established, habitual, patterns of organizational behavior (Allison and Zelikow 1999), which cause people to share certain perceptions (Aspinwall and Schneider 2000: 8) - organizational image/identity (Gioia, Schultz, Corley 2000) perception of organizational legitimacy (Kohler-Koch 1999, Mak 2000), prestige and reputation, which determine motivation for action (Dutton and Dukerich 1991: 520) - organizational strategies, which influence organization learning, thus also organizational change (Fiol and Lyles 1985: 804-5)
Liberal studies: why does change occur? (sources of change) **Independent variables: non-state actors' power/interests** - increasing participation and influence of non-governmental organizations and transnational movements (Spiro 1995, Williams 2000) - autonomy, preferences and interests of international bureaucracy (Cox 1969, Weiss 1974, Mouritzen 1990, Lemoine 1995)			
Institutional (rational-choice) studies: why does change occur? (sources of change) **Independent variables: variations in costs and benefits analysis of organizational performance** - changing policy effectiveness: policy failures and successes (Young 1999: 149)			

Shortcoming of rationalist and sociological approaches to change within organizations

    Apart from its main and well-known drawback connected with the lack of explanation for preferences and interests' formation[48], the rationalist approach to change within

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[47] Greenwood and Hinings (1996): 1023.

organization seems to be now in a kind of research stalemate, in which an irresolvable tug-of-war is fought between statist and non-statist views. The argumentative battle about which actors (state or non-state) are more important in determining changes within organization produces little scholarly-significant output and does not contribute to furthering our understanding about a process of change within international organizations. Both rationalist and sociological approaches often take for granted a link between shifts in power or ideas and behavioral changes. Even if this problem is overcome by empirical research, another difficulty emerges: often behavioral change may not result in organizational change. In other words, current approaches have problems in determining clear causal relations between organizational change, behavioral change and change in power (rational approach) and ideas (sociological approach). However, the basic shortcoming of both 'rationalism' and, to some extent, 'sociologism' (ideational studies) the questions they ask.

They look at change from a perspective of the why-questions (rationalism and to a certain degree 'sociologism') and the possibility-questions ('sociologism'). Thus, they actually focus on the sources of change rather than change itself and generally fail to account for elements, evolution and direction of changes within organization and variables that can mediate the process of change.

Modified approach with the new research questions

This analysis recognizes the relevance of the organizational studies approached from the sociological point of view. The sociological approach attempts to further problematize change within organization by inquiring about the likelihood of change (the possibility question). Therefore, this research intends to include organizational studies and its analytical toolkit into the analysis of change in intergovernmental organization. This research wants to reduce or even eliminate certain limitations of the current studies on organizational change by going beyond the source-question and the likelihood-question of change and intends to focus directly on the query:

  ➢ *how organizational change occurs*.

In this way, this study shifts the research focus towards the very processes of institutional and policy change within international organization and towards a dynamism of that change. The how-question will allow to problematize particular choices and actions which are part of a process of change and are made and pursued by different actors. The how-question will also usher the analysis into other important research questions such as:

  ➢ *What constitutes an organizational change?*
  ➢ *What actors are involved in shaping the process of organizational change?*
  ➢ *To what extent certain organizational (internal) and institutional (external) features influence organizational change?*

Finally, the how-question will enable this study to concentrate on the crucial inquiries:

  ➢ *Under which conditions does organizational change occur in general?* And, in particular:
  ➢ *Under which conditions do certain types of organizational change occur?*
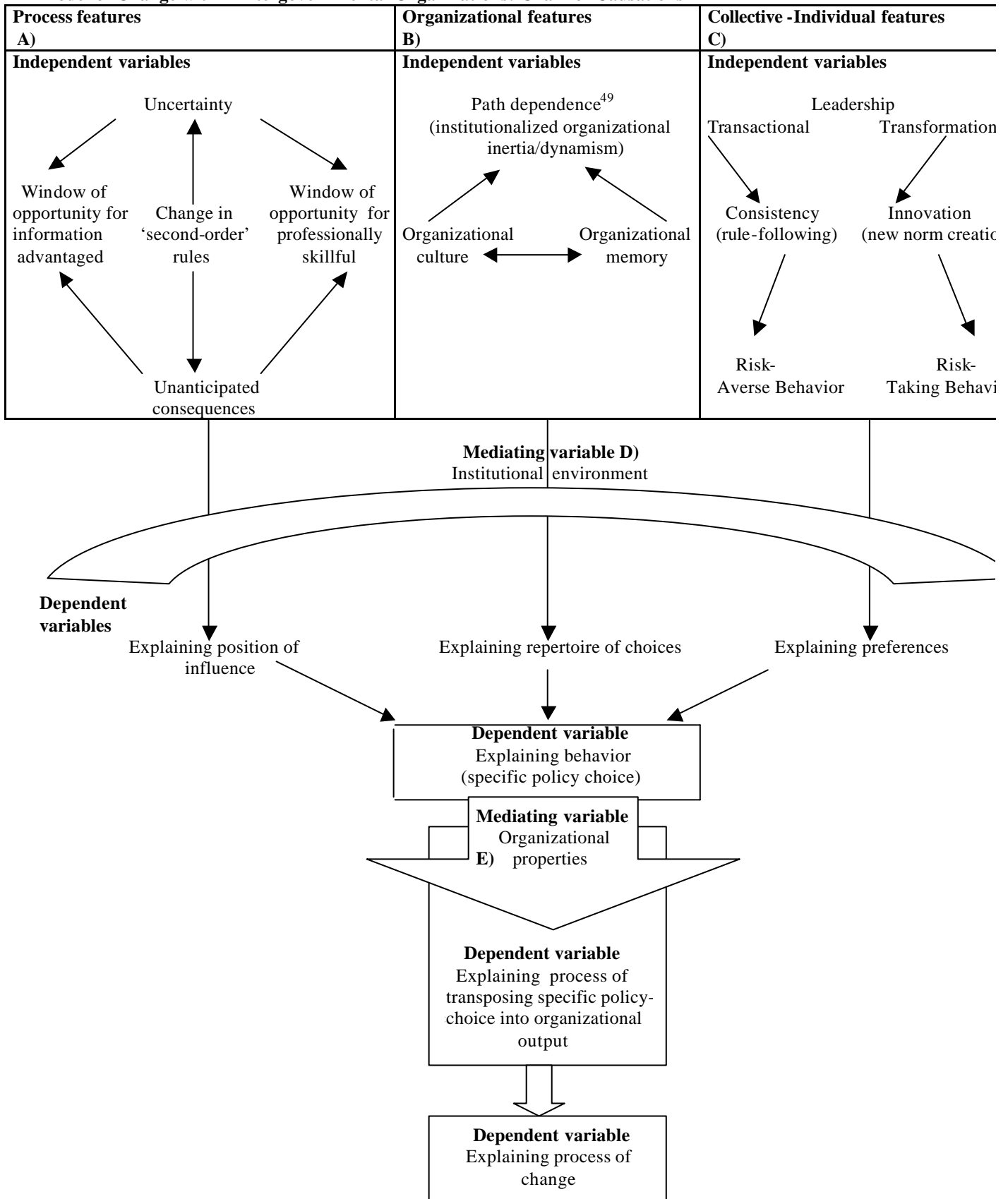
The conditions under which an organizational change occurs will be viewed as determinants of the process of change and the types of organizational change. Thus these conditions/determinants will constitute independent variables of this research. This, in turn, will allow to design specific propositions.

Conditions-determinants of change within organization: modeling causal relations

The question of how change occurs within intergovernmental organizations brings the issue of conditions under which change occurs and determinants of this change. This research views conditions as determinants or more precisely as independent or mediating variables, which provide the account, first, for behavioral and then organizational change.

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[48] Ingram and Clay (2000):529.

Model of Change within Intergovernmental Organizations: Chain of Causations

Process features A)	Organizational features B)	Collective -Individual features C)
Independent variables	**Independent variables**	**Independent variables**

Process features A) — Independent variables:

Uncertainty

Window of opportunity for information advantaged

Change in 'second-order' rules

Window of opportunity for professionally skillful

Unanticipated consequences

Organizational features B) — Independent variables:

Path dependence[49] (institutionalized organizational inertia/dynamism)

Organizational culture ⟷ Organizational memory

Collective -Individual features C) — Independent variables:

Leadership

Transactional   Transformation

Consistency (rule-following)   Innovation (new norm creatio

Risk- Averse Behavior   Risk- Taking Behavi

Mediating variable D)
Institutional environment

Dependent variables

Explaining position of influence

Explaining repertoire of choices

Explaining preferences

Dependent variable
Explaining behavior (specific policy choice)

Mediating variable E) Organizational properties

Dependent variable
Explaining process of transposing specific policy-choice into organizational output

Dependent variable
Explaining process of change

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[49] As Guy Peters suggests path dependence should not be associated merely with inertial behavior in organization but also should be seen in a more dynamic way, as stimulating certain actions. See Peters (1999): 64-65. This study, therefore, understands path dependence as inertial and as dynamic force that can generate a range of policy choices, having both, evolutionary as well as revolutionary characters.

The Model introduces few basic independent variables: **A) uncertainty** and **unanticipated consequences** in order to explain the actors' position of influence, **B) path dependence** to account for the range of choices available to the actors and a type of **C) leadership** that determines actors' preferences. The **D) institutional environment** serves as mediating variable. An interpretation of institutional environment is often used instrumentally in the internal politicking in the organization and may eventually effect the actors' behavior. Then, in order to causally connected a change of actors' behavior and a transposition of a given policy-choice into an organizational output (organizational change) another mediating variable **E) organizational properties** needs to be considered.

A)

Determining the **actors' positions of influence** within given international organization is based on the introduction of two variables: uncertainty and unanticipated consequences. Both of them are determined by the changes in the 'second-order' rules ("rules about rules") that are most likely to work in unanticipated and uncertain ways[50]. Uncertainty and unanticipated consequences will provide windows of opportunity for those who have specific professional skills and are in a privilege position in terms of access to information. In other words, the actors, who possess certain specialized knowledge and information will be able to use uncertainty and unanticipated consequences in the way that it would enhance their influence (power and autonomy) over the other actors within the organization. The following general propositions can be introduced here:

➢ The more sweeping changes in second-order rules the greater uncertainty and unanticipated consequences.
➢ The greater uncertainty of the process of change, the greater power of those, who are able to "absorb uncertainty"[51] by providing policy guidelines (information advantage) or technical knowledge (professional skills).
➢ The more unanticipated consequences[52], the greater the possibility for professionally skillful and 'information-advantaged' actors to extend their position of influence.

B)

A range of actors' choices and the very ability of actors to make choices are constituted by specific organizational features, which, both, enable and constrain actors' actions. The main organizational feature is path-dependence, which means that the actors' actions are based on "interpretation of past more than anticipation of the future"[53]. Understood in this sense, path dependence is determined by the organizational memory viewed as a repository of empirical and artificial knowledge where various sorts of "traditions" of (non)-innovation or (non)-expansion are stored in both, "artificial memories"[54] that include files, records, and other documents and experiential memories that encompass organizational stories, anecdotes, collective beliefs. At the same time, organizational culture that determines and is shaped by the organizational memory and is characterized, among others, by specific rituals, symbols, artifacts, rules, standard operating procedures, routinized or habitual behavior, also reinforces

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[50] Martin and Simmons states that changes in secondary rules are "the changes most likely to work in unexpected way". For example "changes in voting rules within an institution (…) can give rise to new coalitions and previously suppressed expressions of interest, leading to unpredicted policy outcome". See Lisa I. Martin and Beth A. Simmons, Theories and Empirical Studies of International Institutions, *International Organization*, vol.52, no.4 (Autumn 1998):750.
[51] Ascher (1983): 417.
[52] As Martin and Simmons suggest one needs to make a differentiation between unintended and unanticipated consequences because "effects may be anticipated but unintended". See Martin and Simmons (1998):750. Thus, unintended consequences are associated with undesirable effects whereas unanticipated with unpredicted consequences. The focus of this research is on the latter notion.
[53] Levitt and March (1988): 320.
[54] Mikael Holmqvist, Learning in Imaginary Organizations: Creating Interorganizational Knowledge, *Journal of Organizational Change Management*, vol. 12, no. 5, (1999): 421.

the impact of the path-dependence phenomenon on the range of policy choices. The following general proposition is proposed:

➢ The greater impact of organizational memory and organizational culture on the policy-making the stronger path-dependency phenomenon. Depending on the content of organizational memory and on a sort of organizational culture the path-dependence may have either constraining or enabling affects that can, in turn, lead to either an increase or decrease in the range of choices available to actors.

C)

Preferences of actors are determined by the types of a leadership present in the organization. Thus, this research acknowledges a significant role that the leadership plays in the work of the UN specialized agencies. Depending on whether the organization is managed by transactional or transformational-type of leaderships one can expect the reinforcement of specific individual behaviors that can either stress the consistency of actions with the existing procedures and the use of 'empirical familiarity' to act within the borders of what is predictable e.g. what we already known and have experienced (transactional, rule-following leadership)[55] or place more emphasis on innovation, intuition, imagination and intellectual autonomy (transformational, norm-creating leadership)[56]. In turn, a specific leadership type can contribute to either establishing or strengthening individual preferences in the context of risk-averse (transactional leadership) or risk-taking (transformational leadership) behavior within an organization. The propositions may be as follows:

➢ The greater dominance of transactional leadership within international organization the larger the actors' concern about whether an action conforms to the established rules and routines (compliance-based behavior). The stronger impact of transformational leadership the greater freedom "to question (one's) own ways of doing things"[57] and openness to experiments and trials (creativity-based behavior).

➢ The more robust the influence of transactional leadership the stronger collective and individual preference for risk avoidance over risk seeking. The stronger the impact of transformational leadership, the greater emphasis on innovative activities and thus, on risk-taking behavior.

➢ The greater risk-aversion, the bigger probability that the actors' preferences will favor mimetic solutions that were already implemented successfully in other organizational settings[58]. The greater risk-taking behavior, the more likely that mimetism will be substituted with a positive 'adventurism' that could generate changes, which would go beyond established regulative and even normative organizational (internal) and environmental (external) frameworks.

International organizations are seen as being embedded in an institutional environment. Therefore, while explaining the position of influence, the range of choices and preferences of the actors, the impact of **D) institutional environment** needs to be considered. The organizational actors may interpret the institutional environment and its impact differently. They may also use that interpretation for certain political purposes. Thus, depending on how the institutional environment and the shocks/shifts it brings (that are connected, among others, with technological change, increase in competition or the emergence of new

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[55] J..M. Burns, *Leadership*, Harper & Row, (New York 1978). Timothy R. Hinkin and J. Bruce Tracey, The Relevance of Charisma for Transformational Leadership in Stable Organizations, *Journal of Organizational Change Management*, Vol. 12 No. 2, (1999): 106.

[56] B. M. Bass, *Leadership and Performance Beyond Expectations*, Free Press, (New York 1985). B. M. Bass, From Transactional to Transformational Leadership: Learning to Share the Vision, *Organizational Dynamics*, Vol. 18, (1990): 19-31. Regina Eisenbach, Kathleen Watson and Rajnandini Pillai, Transformational Leadership in the Context of Organizational Change, *Journal of Organizational Change Management*, vol. 12, no. 2 (1999): 84.

[57] W. Warner Burke and George H. Litwin, A Causal Model of Organizational Performance and Change'', *Journal of Management*, vol. 18, no.3 (1992): 532-545.

[58] Kondra and Hinings (1998):747-748.

institutional norms that differ from the organizational ones) are perceived and then on the way this perception is politically used within the organization, the institutional environment can hinder or enable the introduction of certain organizational changes.

In order to causally connected a change in actors' behavior with the organizational change it is necessary to account for the process according to which a given policy-choice is turned into an organizational output. One variable is important here: **E) organizational properties** and refers to structural properties of international organizations such as centralized and decentralized structures and their openness to external environment and outside actors, which can eventually mediate/influence the transposition of certain policy-choices in an organizational output. The structures of international organizations can vary according to the degree of their openness, which, in turn, is determined by less or more centralized or decentralized institutional arrangement. International organizations, which are viewed as having open systems, usually maintain a thick web of interorganizational linkages with other international organizations, non-governmental organizations, transnational and national enterprises, research centers, think tanks, interest groups, universities, governmental agencies. This tightly coupled "organizational partnership"[59] based on the existence of the external linkages and multiple nodes of interactions. with the outside actors, exposes the open international organizations to the environmental shits and pressures and thus, increases the chances of changes within open organizations. At the same time, the interorganizational linkages allow the organization to pool resources, expertise and experience, legitimacy, prestige and power from the infinite number of sources thus, increasing the likelihood of learning and eventually successful change[60].

Importance of the model

Despite designing certain propositions, the Model of Change within Intergovernmental Organizations is not going to be tested as such. The Model disaggregates causal inferences in order to conceptualize in a systemic way clear causal relations between various variables. The propositions, derived from the Model, aim at making complex web of different linkages transparent and understandable. More significantly, the Model addresses a question under which conditions an organizational change occurs and enables to move the study forward by connecting variables presented in the Model with the types of organizational change.

Conceptualization of change: types of organizational change

Change within large and complex intergovernmental organizations is not a monolithic process. Ideally, one can distinguish various kinds of change depending on their pace (incremental/rapid change) and scope (small/large scale change, which is both, about breadth and depth).

Based on the scope of change one can distinguish **accommodation** and **transformation**. Accommodation is understood as a 'conservative' change, which aims at improving the matching of ends and means without questioning the very concept of causation, which defined organization's task. Thus strategies, goals and missions remain the same, just the means are improved in order to implement the goals and strategies better[61]. Accommodation affects only some parts of organization (and its units) in different time-loops. In turn, transformation is viewed as a fundamental change, which is based on the questioning of basic beliefs, which determine selection of ends. In general, organizational change is regarded as transformation when it includes alterations of, not only strategies (means) but also missions/goals of an organization as well as affects the major part of

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[59] Mikael Holmqvist, Learning in Imaginary Organizations: Creating Interorganizational Knowledge, *Journal of Organizational Change Management*, vol. 12, no. 5, (1999): 420.

[60] Ibid., 419.

[61] This definition of accommodation reflects the concept of adaptation within international organization as defined by Ernst B. Haas, *When Knowledge is Power. Three Models of Change in International Organizations*, University of California Press (Berkeley 1990): 36.

organization (and its various units) simultaneously[62]. Depending on the pace one distinguishes **first and second-order accommodation** and **first and second order transformation**. In terms of pace in which certain changes are introduced we can differentiate **"reactive" change**, which includes these changes that are undertaken in response to already occurred or occurring events[63]. Reactive changes are usually abrupt since the reforms are time-constrained. In turn, **"anticipatory" change**, which is initiated in anticipation of certain events that are viewed as likely to happen, is usually incremental because of a "luxury of time" given to the reformers[64]. Thus, anticipatory changes are usually first-order changes (first-order accommodation and transformation) whereas reactive changes are more often second-order changes (second-order accommodation and transformation).

Types of organizational change

Pace / Scope	Incremental (gradual)	Rapid (abrupt)
Small-scale (change of means)	First order Accommodation	Second-order Accommodation
Large-scale (change of means and ends)	First-order Transformation	Second-order Transformation

Since the accommodation and transformation are the basic and the most important types of changes, all the propositions involving fundamental variables, which were presented earlier in the model, are built around these kinds of changes. Only in the case of leadership, the other dimension of change that is the first and second order accommodation and transformation (in the form of reactive and anticipatory changes) is taken into consideration.

Main PROPOSITIONS for testing:

Uncertainty and *unanticipated consequences*
1) The wider information lead of given actors and the higher their professional skills, the greater their support for transformation because of its uncertain outcomes and unanticipated consequences that can be used for these actors' own benefits.

Path dependence
2) The more often has international organization embarked on transformation or accommodation during its historical development the greater chances for a path-dependence-induced transformation or for a path-dependence-induced accommodation in the future.

Leadership
3)
    a. The stronger presence of transactional leadership the greater the aversion to risk taking and the more likely the introduction (if at all) of less reaching changes, hence accommodation. The greater dominance of

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[62] This definition of transformation resembles the concept of learning within international organization as presented by Haas (1990): 36.

[63] For more information on these types of changes see Morris Abraham, Tom Fisher and John Crawford, Quality Culture and the Management of Organization Change, *International Journal of Quality & Reliability Management*, vol. 14, no. 6 (1997): 617-68.

[64] Nadler quoted by Abraham *et al*., (1997): 618.

transformational leadership the smaller aversion to risk taking and the more likely the occurrence of transformation.

3)

    b. The greater prevalence of risk aversive behavior the greater chances for postponement of necessary changes and the greater the likelihood of reactive changes being introduced later on thus, second-order accommodation and transformation. The stronger risk taking behavior in organization the greater the likelihood of introducing anticipatory changes, thus fist-order accommodation or transformation.

Environment

4) The wider and more abrupt changes in the environmental context the greater the likelihood of transformation rather than accommodation within international organizations.

Organizational properties

5) Service-oriented UN agencies that are also more decentralized than the forum-oriented UN agencies have more open-systems and thus, also more interorganizational linkages (tighter coupling) with various outside actors, which, in turn, expose the international organization to stronger environmental pressures, increasing the likelihood of a more radical organizational change. Shortly, transformation is likely in more decentralized and open service-oriented UN agencies. Accommodation will be likely in more centralized and closed forum-oriented UN agencies.

UN agencies

The last-mentioned proposition related to the organizational properties brings us directly to the UN agencies. As it was already suggested in the proposition, the UN agencies can be roughly divided on service and forum-oriented international organizations. Service-oriented international organizations provide "common or individual services" for their member-states[65]. Usually, service-oriented international organizations are decentralized in relation to their functions and institutions, have considerably larger budgets, bureaucracies and much more complex structures than their forum-oriented counterparts. The example of the service-driven UN agencies are: World Health Organization (WHO), Food Agriculture Organization (FAO), United Nation Educational, Scientific and Cultural Organization (UNESCO), International Labor Organization (ILO) and International Atomic Energy Agency (IAEA). The remaining UN agencies such as World Intellectual Property Organization (WIPO), International Telecommunication Union (ITU), International Civil Aviation Organization (ICAO), International Maritime Organization (IMO), World Meteorological Organization (WMO) and Universal Postal Union (UPU) perform "forum-oriented" functions connected with providing the organizational framework (e.g. secretariat and conference facilities) for the member-states to carry on activities ranging from an exchange of views and opinions to negotiations on binding/non-binding documents[66]. Usually, "forum-oriented" organizations are more centralized than "service-oriented" organizations and much less complex in terms of their bureaucratic structures.

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[65] Cox and Jacobson (1973): 5-6.
[66] Ibid, 5.

UN Specialized Agencies

Service-oriented UN agencies and their headquarters	Total staff members (2000)	Regular budget (2000-2001) in $ million	Extra budgetary resources (2000-2001) in $ million
World Health Organization (Geneva)	3486	843	1100
Food Agriculture Organization (Rome)	3508	650	501
United Nation Educational, Scientific and Cultural Organization (Paris)	2176	544	250
International Labor Organization (Geneva)	2273	467	185
International Atomic Energy Agency (Vienna)	2173	428	44

Forum-oriented UN agencies and their headquarters	Total staff members (2000)	Regular budget (2000-2001) in $ million	Extra budgetary resources (2000-2001) in $ million
World Intellectual Property Organization (Geneva)	817	248	6 (in Swiss Franks)
International Telecommunication Union (Geneva)	790	209	Not available
International Civil Aviation Organization (Quebec)	288 (1999)	109	9
International Maritime Organization (London)	300	61	3 (in British Pounds)
World Meteorological Organization (Geneva)	246	70	24 (in Swiss Franks)
Universal Postal Union (Berne)	150	45	40 (in Swiss Franks)

Sources: Own calculations based on the data available on the web-sites of the UN specialized agencies and the United Nations.

The distinction made between the service and forum-oriented UN agencies will eventually allow us to address the 5th proposition, which is connected with the organizational properties. The proposition implies that there is a causal relation between specific types of organizational change and the organizational structures. According to this proposition the likelihood of transformation is greater, for example, in the WHO or the ILO than in the WIPO or the ITU. And accommodation is more likely to occur in the latter two rather than in the former two. The empirical study is required to verify that assumption.

The analysis of change in the International Labor Organization

The intention of the author is to conduct in-depth studies on at least four UN agencies, two of them belonging to the service-oriented organizations and the other two to the forum-oriented institutions. This should enable the author to provide plausible explanations of the conditions under which different types of changes take place hence, verify the accuracy of designed propositions. Since this research is in its initial stages of empirical work, the paper will present preliminary findings connected only with one case study, that of the International Labor Organization (ILO), and will try to link certain conclusions with the general propositions identified in the analytical part of the paper.

The case-study of the ILO serves the purpose of operationalizing the propositions about the conditions under which certain types of changes are more or less likely to happen. The word 'operationalizing' is used here purposefully since it is acknowledged that one case study, no matter how much an empirical depth could offer, falls short of providing plausible testing grounds for the already enumerated in this study propositions. This is because a single case study has a limited generalizability. Nevertheless, a single case study provides a unique opportunity for inductively-oriented analysis, which would attempt less to test already determined and fixed propositions and more to observe certain patterns and regularities and demonstrate whether given (but still not determined) propositions are strong enough to uphold a richer, multiple case-study, and more rigorous research. Thus, the case study of the ILO offers a promising start for further empirical research, (that will include other UN agencies), which this author intends to carry out in the foreseeable future.

Literature review on the ILO and the claim for the originality of the current studies

Previous studies on the ILO have been largely descriptive and/or very general in their analytical scope, providing detailed overview of the ILO history, its work and its organizational structure[67]. Legal scholars focused mainly on the impact of the ILO Conventions on the national legal labor system, whereas the social science researchers and the ILO practitioners conducted evaluations of the effectiveness of the ILO supervisory mechanisms[68]. Some studied the overall influence of the ILO on the states' welfare systems[69]. The ILO institutional and programmatic developments were also examined from all-encompassing time-perspective approach in order to establish certain patterns, deviations or similarities in the autonomous position of the Organization throughout its history[70]. Yet some analyses, related to the autonomy of the international civil service, looked specifically at the role and the impact of the ILO leadership: the Director General[71]. Others used the ILO as a case study to validate certain theoretical assumptions about the patterns of influence and decision-making within international organizations[72] or to refine specific theories, e.g. (neo)functionalism[73]. Most studies, which refer to the ILO, were carried out before the collapse of the Soviet Union and, as such, there is not much analytical literature on the work of the ILO in the 1990s. Additionally, no systemic analytical studies were conducted on the process of change in the ILO that allowed the organization to meet existing challenges. By offering the analysis on how the process of change was actually evolving, what types of changes took place and what were the factors that determined these sort of changes, this research intends to fill in the existing research gap. Additionally, the novelty of this analytical undertaking stems from the fact that this research wants to address a specific set of questions that have not been put forward by other studies on the ILO before. Specifically, in connection with the case study on the ILO, this paper proposes three general research questions and a series of auxiliary research questions. <u>General research questions:</u> How did change in the ILO occur? What explains the process of change in the ILO? What were the types of change introduced in the ILO? The general research questions generate important <u>auxiliary research questions:</u> What actors stood behind the ILO policies in the 1990s? What the process of change within the ILO tells about the ILO actors? What was the role of the International Labor Bureau, its staff and the Director General in shaping the ILO policies? To what extent did the

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[67] Among others: Walter Galenson, *The International Labor Organization*, University of Wisconsin Press (Medison 1981), Victor-Yves Ghebali, *The International Labour Organisation. A Case Study on the Evolution of U.N. Specialised Agencies*, Martinus Nijahoff Publishers (London 1989), Jean-Michel Servais, *International Labour Organization (ILO)*, Kulwer Law International (The Hague 1996).

[68] Edward Weisband, Discursive Multilateralism: Global Benchmarks, Shame, and Learning in the ILO Labor Standards Monitoring Regime, *International Studies Quarterly*, vol.44, (2000):643-666. S.A. Ivanov, The International Labour Organisation: Control Over Application of the Conventions and Recommendations on Labour, W.E. Butler, ed., *Control Over Compliance with International Law*, Martinus Nijhoff Publishers (London 1991):153-163.

[69] David Strang and Patricia Mei Yin Chang, The International Labor Organization and the Welfare State: Institutional Effects on National Welfare Spending, 1960-1980, *International Organization*, vol 47, no.2 (Spring 1993):235-262.

[70] Bob Reinalda, Organization Theory and the Autonomy of the International Labour Organization, in Bob Reinalda and Bertjan Verbeek, *Autonomous Policy Making by International Organizations*, Routledge (London 1998):42-61.

[71] E. J. Phelan, *Yes and Albert Thomas*, Cresset Press (London 1936), Robert Rhodes James, The Evolving Concept of the International Civil Service, in Robert S. Jordan, *International Administration: Its Evolution and Contemporary Applications*, Oxford University Press, (New York 1971):51-73, particularly 55-57, Georges Langrod, *The International Civil Service. Its Origin, its Nature, its Evolution*, Oceana Publications, (New York 1963), particularly 145.

[72] Robert W. Cox, ILO: Limited Monarchy, in Robert W. Cox and Harold K. Jacobson, *The Anatomy of Influence. Decision Making in International Organizations*, Yale University Press, (New Haven 1974): 102-138.

[73] See Ernst B. Haas, *Beyond the Nation-State. Functionalism and International Organization*, Stanford University Press, (Stanford 1968). Thomas George Weiss, *International Bureaucracy. An Analysis of the Operation of Functional and Global International Secretariats*, Lexington Books, (Massachusetts 1975), particularly 113-127.

ILO organizational culture (both, the administrative culture and the culture of the tripartite system) facilitate and affect the process of change in the ILO?

Determining the change in the International Labor Organization

Empirically, a change can be viewed as a shift between what was and what is now. In the context of the ILO this organizational shift can be better explained and more clearly identified if the analysis first addresses the issues of environmental changes in the 1990s. These changes had a considerable (negative) impact on the ILO, its policies and resources, particularly in the first half of the 1990s('what was'). However, after a certain period of time, the ILO managed to revitalize its activities, turned the negative trends into positive outcomes and successfully came out of a crisis situation ('what is').

By analyzing and describing the kinds of environmental shifts that took place and were pertinent to the ILO in the 1990s more is hoped to be known about amplitude of these shifts thus, whether they were tremendous shocks or merely minor changes. Once we determined that the environmental changes were indeed shock-waves and they did affect the ILO in a negative way, we would be able to say more about whether the organization responded or not and if so, in which way, by introducing what types of changes. Finally, this sequential path of various research steps will allow us to deal with the 'environment' proposition introduced earlier in this study.

More in-depth studies of the environmental shifts gain even greater importance once it is recognized that most of the more important changes in the ILO (which we want to analyze) were connected with various financial, institutional and policy problems that the organization faced in the 1990s. In turn, the roots of these problems were in the external environment, being caused by the environmental shock-waves.

Overall, the above remarks suggest that it is more than necessary to devote a considerable research space in order to explain the environmental shifts, their relevance to the ILO and their eventual impact on this organization.

The ILO and the external environment

In the 1990s the ILO faced with the powerful external environmental shocks, which had a tremendous impact on the organization. These international environmental shifts can be grouped into six distinctive settings:

1) **systemic setting**: the collapse of the communist bloc and trembling of the welfare system.

Collapse of the communist regimes removed the fear, which was present during the cold war period among the Western governmental actors, who shared a belief that low labor conditions could easily lead to social unrest, which, in turn, would greatly endanger democratic system with a likelihood of changing it into a people's republic[74]. In such situation, the Western governmental leaders were more open to listen to the ILO and more eager to adopt the ILO labor standards and follow the obligations imposed by the membership as well as by the provisions of the ratified ILO conventions. In fact, ideological rivalries between the West and the East led the two camps to enter into a sort of emulation game, in which the states of both blocs tried to prove their leadership and superiority in social development and welfare standards, which was manifested, among other things, by the number of ratifications of the ILO conventions[75]. However, after the collapse of the communist regime, the previous fear disappeared, once the alternative to the capitalist system

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[74] Eddy Lee, Globalization and Labour Standards: A Review of Issues, *International Labour Review*, vol.136, no.2 (Summer 1997):175.

[75] The ILO, Standard Setting and Globalization, Report of the Director-General, International Labour Conference, 85th Session (1997):11 and 17. Director General noted that often a decrease in the number of ratifications is "masked" by the fact that newly established countries after the breakup of the Soviet Union, the Socialist Federal Republic of Yugoslavia and Czechoslovakia tend to ratify again the ILO Conventions, which were already ratified before the breakup of the (con)federations. Thus, for "750 ratification registered between 1992 and 1996, more than 500 were in fact confirmations by the new States of Conventions applicable on their territory before becoming Members of the Organization (ILO)", Ibid., 23.

was also gone. Moreover, the problems with the maintenance of the socially over-packed systems in the Scandinavian countries, which became a hotly discussed issue in the first half of the 1990s, indicated that there was not much room for the policy-makers but to embrace monetary policies, which left little space for labor protection or social justice, thus also for the ILO and its main objectives. This feeling was translated into a sharp decline in the ratification rate of the ILO Conventions in the 1990s[76].

2) **ideational setting:** neoliberalism.

The collapse of the communist regimes, reinforced the conviction about the "End of History", where democracy and market economy prevailed and were likely to spread and dominate the world. The changes of the 1989/1990 strengthened the neoliberal agenda, connected with the monetarist ideational notions such as "sound money", privatization or tight budget. These antitheses of Keynesianism were accommodated into, what became to be called, the "Washington consensus"[77], based on a broad agreement among the policy-makers, economic practitioners and academicians in different countries about the need to deregulate, cut public spending, limit state intervention and create economic and political environment, which would support private enterprises and anti-inflationary measures[78]. These policies were not restricted to the industrially advanced countries but were viewed as a recipe to stimulate economic growth in the underdeveloped nations as well. Thus, in the 1990s, "a clear and robust consensus existed about what poor countries should do to become more prosperous"[79]. This world-wide neoliberal orthodoxy stands clearly in contrast with the ILO neo-corporatist vision of proactive labor policies, which require more not less regulation and more rather than less state intervention.

3) **economic setting:** globalization.

Globalization is seen as a process of "increasing scope and intensity of commercial, communicative and exchange relations beyond nation borders"[80]. Such understanding of globalization decreases state ability to regulate. In other words, globalization reduces the state's ability to "handle" welfare system, including its ability to implement sound employment policies. Thus, the ILO impact on the social policies, which is exercised via the member-states has been also considerably limited. In the literature, there are two contrasting positions related to the effects of globalization on the state's attitude towards social policies[81]. On one hand, the arguments are made that with increasing globalization the state willingness to up-grade or adopt new labor standards has substantially decreased. An increase in economic interactions between the states resulted in "the race to the bottom", whereby the countries are under increasing pressure to maintain their international

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[76] The ILO, Standard Setting and Globalization, Report of the Director-General, International Labour Conference, 85th Session (1997):3. The Director General noted that often a decrease in the number of ratifications is "masked" by the fact that newly established countries after the breakup of the Soviet Union, the Socialist Federal Republic of Yugoslavia and Czechoslovakia tend to ratify again the ILO Conventions, which were already ratified before the breakup of the (con)federations. Thus, for "750 ratification registered between 1992 and 1996, more than 500 were in fact confirmations by the new States of Conventions applicable on their territory before becoming Members of the Organization (ILO)", Ibid., 23.

[77] The term "Washington consensus" was first formulated at the end of 1980s by the members of the International Monetary Fund, World Bank and US Treasury Department. Susanne Soederberg, The Emperor's New Suit: the New International Financial Architecture as a Reinvention of the Washington Consensus, *Global Governance* 7 (2001):454.

[78] Ivan Krastev, Post Communist Think Tanks, Making and Faking Influence, in Diane Stone eds., *Banking on Knowledge. The Genesis of the Global Development Network*, Routledge, (London 2000):150-151. Succinctly, Washington consensus "held that macrostability, liberalization and privatization were three keys to prosperity". Soederberg (2001):454.

[79] Naim quoted by Krastev, Post Communist Think Tanks, Making and Faking Influence, in Stone eds., (2000):151.

[80] Jurgen Habermas, The Postnational Constellation and the Future of Democracy, in Jurgen Habermas, ed., *The Postnational Constellation: Political Essays*, (1998):66.

[81] More on the role of globalization see Ethan Kapstein and Branko Milanovic, Responding to Globalization. Social Policy in Emerging Market Economies, *Global Social Policy*, vol.1, no.2, (August 2001):199-200.

competitiveness. This, in turn, forced the states to do as little as possible in terms of rising labor standards or in terms of accepting new ILO provisions. Thus, maintaining competitiveness in globalized world as the way of state's survival has actually worked very much against the ILO and what it stands for. On the other hand, some authors underline that globalization, contrary to "the race to the bottom" predictions, encourages the states to provide certain social safety-nets in order to maintain social cohesion and order, without which a global capital is unlikely to arrive and where nationalistic populists and demagogues are likely to grow in power[82]. However, even if one accepts that there is no "race to the bottom", there is hardly any evidence to suggest the "race to the up". This suggests that the states, in the era where "a high level social protection might become a competitive disadvantage"[83] tend to endorse, if not, at once, a reductionist policy, which implies a decrease in the level of social standards, then at least a minimalist approach connected with a passive attitude focused on the maintenance of social standards rather than related to much more active approach aimed at raising labor standards to a higher level. These minimalist policies are far from what the ILO would like to see being implemented and far from the goals of the social/labor standards, which the ILO promotes.

4) **political setting:** constituency decline.

The 1980s was characterized by a process of trade unions' decline. This decline should be treated more in relative terms as comparing to the trade unions' influence from the 1960s and the 1970s. The trade unions were further weakened in the 1990s, when the states strongly pushed for market liberalization, and perceived labor as just another commodity. Thus, the position of the important ally of the ILO, which was strongly inclined to support the ILO activities and objectives, has been considerably undermined. Thus, in turn, weakened the Organization's position of influence vis-à-vis governments and employers.

5) **inter-organizational setting:** pushing out of business.

At the beginning of the 1990s, the ILO activities were greatly overshadowed by the international financial/lending institutions, which, in a very active way, pursue neoliberal programs, forcing states to follow specific guidelines and policies prescribed by the financial institutions. It has further marginalized the ILO and its social agenda. After 1997/1998, when Asia and Russia fell financial crises, the major international financial institutions shifted their polices to give market ideology a human face. "Washington consensus" on speedy liberalization and privatization was weakened (but not abandoned) and international financial institutions, increasingly, started advocating policies, which were also underlining social dimensions. Despite the accommodation of social programs, international financial institutions still maintained their old neoliberal orthodoxy "repacked" in new concepts of "good governance", transparency and anti-corruption measures, which meant, no more no less, the same neoliberal emphases on limiting the role of state, deregulation, tightening public expenditures, privatizing state enterprises[84]. In this circumstances, the ILO has faced with even more difficult task to cope with pressure from other international financial institutions, which, on one hand, maintained their orthodox neoliberal agenda standing in opposition to the ILO concept of development and, on the other hand, embarked on the programs, which directly compete with the ILO own projects[85]. All in all, during the 1990s, the ILO has faced a permanent competition, if not rivalry, coming from Bretton Woods and regional financial institutions.

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[82] Ibid.

[83] The ILO, Standard Setting and Globalization, Report of the Director-General, International Labour Conference, 85th Session (1997):11.

[84] Ivan Krastev, Post Communist Think Tanks, Making and Faking Influence, in Stone eds., (2000):157-158.

[85] Jean-Michel Servais, the Chief of the ILO's Task Froce on Industrial Relations acknowledged that " the World Bank, the regional development banks and the UNDP's in-house Office for Project Services, has been increasingly competing with the specialized agencies (including the ILO - M.B.) in project execution", see Jean-Michel Servais, *International Labour Organization (ILO)*, Kulwer Law International (The Hague 1996):64.

6) **UN institutional environment:** resources decline and managerial reforms

The ILO, being one of the UN agencies, is strongly embedded in a specific institutional environment of the UN 'family', which, in recent years, has been characterized by specific patterns of development such as: a) financial cutbacks due to the enactment of the concept of zero-growth budgets starting from the mid 1980s and decreasing in extra-budgetary resources and b) managerial/administrative reforms, which became a priority for the UN secretariat under the leadership of Kofi Anann. c) increase in competition for scarce funds among the UN agencies.

Shifts in international environment seen as powerful shocks for the ILO

The six settings if combined together constituted a powerful set of forces that had a profound impact on the ILO and its work. This was also confirmed by Juan Somavia, the current ILO Director General, who viewed the international environmental shifts as having generated "seismic changes" for the ILO[86]. Generally, these shocks coming from the international environment in the 1990s were indeed 'seismic' even in comparison with the external conditions under which the ILO had operated earlier. For example, during the cold war, from the 1960s onwards, the ILO, similarly to some other specialized agencies (e.g. UNESCO), had been experiencing a "politicization" turbulence connected with the clash between the existing Eastern and Western blocs. However, these politicization problems are viewed more as "a sporadic occurrence rather than a permanent feature of the Organization's activities"[87]. Even the withdrawal in 1977 of the United States that complained about politicization of the ILO constituted only a one-time event, short in its effect (the United States returned to the ILO three years later) and negligible in its consequences[88]. In turn, the shifts in political and economic spheres in the 1990s, which took place in the international environment, sent powerful shock-waves through the organization and constituted unprecedented challenge for the ILO; unprecedented in its magnitude: extent, longitude and intensity, which made the objectives of the international welfare organization much more difficult to realize.

The impact of the international environmental shocks on the ILO

A negative impact generated by the external environment on the ILO was more than evident. The regular budget was frozen and the number of projects were dramatically scaled back. The extra-budgetary funds that usually amount to more than one third of the regular budget and are used to implement technical cooperation projects had been dramatically limited at the beginning of the 1990s. For example, the United National Development Program, the ILO's main purveyor in terms of extra-budgetary funds, radically limited its funds available for the ILO by more than 100% between 1991-1994[89]. The ILO faced not only the problem of rapidly shrinking resources that affected implementation of various programs but also the ILO authority and legitimacy started to be questioned while a decline in the ratification rate of the ILO Conventions occurred first and then accelerated rapidly in the early 1990s[90].

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[86] Decent Work, Report of the Director-General: Decent Work. International Labour Conference, 87th Session. Geneva, (June 1999):4.

[87] Victor-Yves Ghebali, *The International Labour Organisation. A Case Study on the Evolution of U.N. Specialized Agencies*, Matinus Nijhoff Publishers, (London 1989):115.

[88] Ibid.

[89] Servais (1996):136-137.

[90] The ILO, Standard Setting and Globalization, Report of the Director-General, International Labour Conference, 85th Session (1997):3. The Director General noted that often a decrease in the number of ratifications is "masked" by the fact that newly established countries after the breakup of the Soviet Union, the Socialist Federal Republic of Yugoslavia and Czechoslovakia tend to ratify again the ILO Conventions, which were already ratified before the breakup of the (con)federations. Thus, for "750 ratification registered between 1992 and 1996, more than 500 were in fact confirmations by the new States of Conventions applicable on their territory before becoming Members of the Organization (ILO)", Ibid., 23.

There is a change

Certain developments visible in the negatively affected areas suggest that the ILO embarked on a change. More precisely, some negative trends, which were brought about by the impact of the international environment, were reversed. This happened despite the fact that the situation in the international environment surrounding the ILO remained unchanged, meaning unfavorable to the work of the international welfare organization. It implies that the ILO had to introduce internal changes that overturned the harmful tendencies and the positive results of thus, tangible changes have been noticeable. For example, the level of the ILO extra budgetary resources' approvals, which reached its bottom in 1994 ($ 70 million), started slowly picking up and reached $ 134 million in 2000, which was a little bit more than the 1991 level, however still $ 30 million short of the 1990 figures[91]. Considering a raising trend, it is likely that the 2001 extra budgetary resources approvals, (for which data has not been yet available in the time of preparing this study) will reach the pre 1990 level. Already clearly visible differences in terms of sources of funds for extra budgetary resources between the year 1991 and the year 2000, indicate that the ILO was highly successful in attracting new, individual donors, which in 1991 provided only around 40% of the total funds available for the ILO technical cooperation projects and in 2000, this figure rose to more than 90%[92]. By finding new ways of financing its programs, the ILO managed to expand its activities. The number of projects, which were executed by the ILO rose from 1.315 in 1991 (100%), to 1.431 in 1993 (109%) and 1.526 in 1997 (116%)[93]. Finally, in the second half of the 1990s, the number of ratifications concerning the main ILO Conventions slowly started picking up again.

The issue of the type of change in the context of environmental shocks

Once we identified certain tendencies, which convinced us that there had to be, indeed, a process of change initiated in the ILO, the question remains what type of changes were eventually introduced. The 'environment' proposition suggests that the wider and more abrupt changes in the international environmental the greater the likelihood of transformation rather than accommodation in the international organizations. Since the shifts in international environment were recognized as shocks that had a powerful impact on the ILO, one should expect, according to the above-mentioned proposition, that the organization embarked on transformation thus, a more radical change rather than accommodation: a conservative change.

Focusing on uncertainty and unanticipated consequences

Since "the change cannot be controlled precisely"[94] and "institutional change rarely satisfies the prior intentions of those who initiate it"[95], the question raises who, in this situation, can be still interested in pushing for a change. The answer is connected with the proposition about uncertainty and unanticipated consequences which are likely to bring relatively more benefits or relatively less costs for the actors that are privileged in terms of their access to information and a possession of professional knowledge not only about a narrow subject-area but also about the work of the organization itself. Usually, people who have access to information or possess a substantial knowledge about both, their area of specialization and the work of the organization, are those who have longer job tenures and occupy high-level position in administration. In the context of the ILO, the top-level international civil servants would be the people who have both privileged access to information and a substantial professional knowledge. Professionalization of the ILO

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[91] The Role of the ILO in Technical Cooperation, Report VI, International Labour Conference, 87th Session (1999): 66-67 and The ILO Technical Cooperation Programmes, GB. 283/TC/1, Geneva, March 2002.

[92] Ibid.

[93] The Role of the ILO in Technical Cooperation. Report VI, International Labour Conference 87th Session 1999: 5.

[94] March and Olsen (1989):65.

[95] Ibid.

bureaucratic structure has gradually become even greater since the ILO started rely increasingly on the work of permanently employed professionals, providing certain institutional incentives for the persons previously employed as outside ad-hoc experts to become the ILO full-time officials. In the recruitment procedure, the ILO categorized such people as internal rather than external candidates, for whom the employment procedure is less cumbersome.

The ILO top civil servants are the people who can expand their influence and gain greater autonomy in the situations characterized by uncertainty. In such situations, international civil servants are first to spot and use the "windows of opportunity" so they can maintain 'bureaucratic turf' and, if possible, expand it via new activities and programs.

At the same time, in the circumstances of asymmetric access to information and the information gaps not only about the best possible alternatives but about the possible alternatives in general, there is ever growing need for the ILO constituents to delegate more authority to the ILO international bureaucracy (particularly to its top echelon) in order to obtain further information about the policy choices. This, in turn, strengthens the position of the ILO bureaucracy as the sole provider of expertise and knowledge.

Generally, the ILO bureaucratic officials due to their professionalization, expertise and knowledge and the positions they hold as sole-providers of information and as gate-keepers of information flow are much better prepared to face and thus more likely than any other ILO actor to accept (if not openly welcome) radical changes and uncertainty or unanticipated consequences associated with them. In some circumstances they can even actively push for transformation. Since the ILO bureaucracy could lose the most from a prolong crisis in the organization, it would be also willing to press for more radical changes if they would guarantee the ILO survival.

The support of the ILO bureaucratic officials is necessary but may not be enough to push for radical transformative changes in the situation when the ILO constituents oppose them. Thus, a lot depends on how well the ILO top civil servants lead their lobby efforts to convince the ILO constituents to more radical changes.

Path dependence proposition

The phenomenon of path dependence is determined by the organizational memory (a storage of past experience) and by the organizational culture (a storage of present experience).

➢ **Organizational memory**

There is undeniable presence of the "organizational" or "collective memory" in the ILO that creates long "shadows of the past", which, in turn, are responsible for keeping the tradition, historical knowledge and earlier practices very much alive. Thus, based on the experience gained throughout more than 80 years of the organization history, the present ILO, led by its administration, is compelled if not to do better than at least to be as active and innovative as its predecessors had been, which will ensure a survival of the organization at the least and its further growth at the most.

One of the most telling examples of the ILO innovativeness and creativity in the 1990s that stem from the past experience and organizational memory was the enactment in 1998 of the Declaration on Fundamental Principles and Rights at Work. This Declaration is to resemble and possibly even outshine the famous 1944 Philadelphia Declaration, which was designed to give the ILO a new "global social reconstruction mandate"[96] in which human rights, in the context of social policy, were to become a major post war issue. This Declaration constituted a great achievement for the organization and if it had been taken literally, would have transformed the ILO "into a master agency among the emerging family of functional international bodies"[97]. The 1998 Declaration, which is sometimes compared with the 1944

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[96] Ernst B. Hass, *Beyond the Nation-State. Functionalism and International Organization*, Stanford University Press, (Stanford 1964): 155.
[97] Haas 1964: 156.

Declaration, is no less ambitious in its content and it is believed that the impact of the Declaration can have far reaching consequences for the ILO itself and for its members[98].

Another example of a 'living' organizational memory and the practices that emerge from it is the example given by the "founding fathers". In its work, the ILO leadership often looks up to the founding fathers of the ILO, among others, the first ILO Director General Albert Thomas (1919-1932) who earned a reputation for leading "electric leadership" (Goodrich cited by Langrod 1963: 311) or David Morse, the ILO Director General in the years 1948-1970, and his remarkable skills in mediation, coalition-support building and lobbying that significantly contributed to the advancement of various ILO objectives. The collective memory that exists in the organizational stories, files, documents offers the picture of the ILO leaders, who successfully fought to preserve the ILO autonomy, influence and authority. For example, Albert Thomas, once entrusted with the power to appoint the ILO staff, was "jealously defending his prerogative"[99]. He vigorously guarded the "Balfour' principle[100], successfully resisting the pressure of governments, which wanted to see the expansion of the rule of geographical distribution of seats rather than a competitive examination system. Similarly Wilfred Jenks, the Director General between 1970-1973 did not bow to the pressure of some countries (mainly the United States) to compromise the independence of the Director General's decisions related to the personnel and employment issues. In 1970, he appointed a Soviet citizen to the post of Assistant Director-General, which was met with the US stiff response and withholding funds to the ILO budget. The Director General, however, has not reversed his decision. The current ILO Director General, Juan Somavia, follows historically established patterns. He did not hesitate to use newly available tools given by the 1998 Declaration on Fundamental Principles and Rights at Work, in order to promote certain core values of the organization. In the first global report related to the Declaration, the Director General named 12 countries, where violations of freedom of association occurred. Many of the same states criticized Somavia for "naming names", which was viewed as Director General's attempt at going beyond the letter of the Declaration seen as a promotional rather than a complaint-based document[101]. The Director General energetically rejected the criticism and defended himself and the Bureau by saying: "it is difficult to see how the Office can do credible reporting unless countries are identified and facts are stated"[102].

> **Organizational culture**

The ILO organizational culture is based on habitualized routines and established rules and procedures. It includes both, a) administrative culture (in the ILO bureau) and b) constituent culture (in the ILO tripartite system).

a) ILO administrative culture

In the second half of the 1990s, the administrative culture of the ILO bureau started moving away from the 'rule-based' culture characterized by predictability, planning, and formal relationships towards the entrepreneurial culture driven by spontaneity and informal relationships, innovations (visions), experiments, trials, which would eventually ensures success and increase in effectiveness. This shift was determined by the realization that the ILO should strive both for the increase in transparency and accountability but at the same time for more efficiency, which in a rapidly changing world could be only ensured by more

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[98] The impact of the Declaration will be briefly discussed in the subsequent paragraph.

[99] Georges Langrod (1963), *The International Civil Service. Its Origins, its Nature, its Evolution*, Oceana Publications (Leyden: 1963): 145.

[100] This principle was spelled out in A. J. Belfour's well-known report of May 1920: "the members of the (international administration) once appointed are no longer the servants of the country of which they are citizens, but become for the time being the servants of the (international organization). Their duties are not national, but international (…). Nothing should be done to weaken the sense of their international allegiance; (…). Langrod (1963:51).

[101] Tim De Meyer, ILO Fundamental Principles and Rights at Work in Asia Pacific: Emerging Standards for Emerging Markets? *Centre for ASEAN Studies*, Discussion Paper, No.28. (2000): 8, particularly footnote 23.

[102] Kimberly Ann Elliott, The ILO and Enforcement of Core Labor Standards, *International Economics Policy Briefs*. No.00-6. (July 2000): 4. www.iie.com

flexible and open administrative culture. This would eventually allow the ILO to be more competitive for scarce financial resources. It is worth to quote here Juna Somavia at length:

> " In a world of competition for limited public resources, cost-effectiveness, impact and image are crucial to the challenge of explaining why the ILO should be funded. One of the biggest bureaucratic mistakes that I have seen repeated so often is to take funding for granted. In the long term, only relevance and effectiveness ensure success and only success ensures adequate funding"[103].

The ILO new administrative culture, which is still in its formative process, seems to encourage creativity and innovation both on the central (the ILO bureau in Geneva) and regional (MdTs) levels. Thus, a probability of introducing transformation rather than accommodation becomes greater.

b) ILO constituent culture

In the past the culture of the ILO tripartite system was characterized by cooperative style of decision-making, which determines the working environment for the ILO constituents and the ILO bureau. Despite conflicting interests, the culture of partnership and cooperation developed between the ILO constituents. Additionally, although the formal decision-making procedure was based on the system of qualified majority voting (not unanimity), there was always a tendency in the ILO tripartite system to make decisions on a consensual basis. However, the 1990s saw a shift in the ILO organizational culture, away from consensual-oriented modes of policy making. Despite the existing channels of cooperation and consultations between the ILO actors, which are institutionalized in the ILO administration via two permanent "liaison" offices; the Bureau for Workers' Activities (ACTRAV) and the Bureau for Employers' Activities (ACTEMP), more confrontational style of decision-making emerged in the ILO in the recent years and greatly undermined consensus among the ILO tripartite membership. The ILO Director, Juan Somavia, described this phenomenon in the following way: "The decline of ideology and class conflict, the multiplication of social interaction beyond the workplace, and the trend towards enterprise-level bargaining, have all led to a greater fragility of consensus among the ILO's tripartite membership"[104]. The consequences, which a decline in a consensual policy-making brought about, were reflected in the fact that the ILO constituents were mainly interested in their particular programs and initiatives, while, at the same time, there were not many agendas, which received "active support and widespread commitment from all three (workers, employers and representatives of the member states—M.B.) groups"[105]. The emergence of non-consensual mode and confrontational culture of decision-making in the ILO limited policy choices and made the enactment and particularly implementation of radical changes more difficult if possible at all.

The path dependence phenomenon that exists in the ILO, on one hand, provides a fertile ground for the introduction of transformation due to the particular organizational memory and partly organizational culture (the one connected with administrative culture). On the other hand, however, the culture of the tripartite system that is increasing confrontational can often prevent the ILO from embarking on much more radical and far reaching changes, particularly the ones, which require for their successful implementation the support of all the three ILO constituents.

Leadership and the two Directors General

The leadership proposition brings us directly to the study of the role of the ILO Director-General. The ILO Constitution does not define precisely a formal set of rules and practices associated with the institution of the Director-General. According to Article 8 (1) of the ILO Constitution says only that "a Director-General of the International Labor Office shall be responsible for the efficient conduct of the International Labor Office and for such other duties as may be assigned to him". Thus, the mandate of the ILO Director-General is broad and

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[103] Juan Somavía, Programme and Budget Proposals for 2000-2001, GB.274/PFA/9/1, 274th Session, Geneva, March 1999.
[104] Decent Work, Report of the Director-General: Decent Work. International Labour Conference, 87th Session. Geneva, (June 1999):5.
[105] Ibid.

leaves much leeway for a person in office in choosing such (informal) rules, practices and implement specific tasks and activities, which would ensure the "efficient conduct" of the ILO Bureau (Office) and the Organization in general. As Ghabli argues, the ILO Director General's formal and informal competences enable him to "go far beyond the limits of secretariat tasks"[106]. Discretionary power, which is the result of a specific position of the Director General in the ILO structure and vagueness of legal provisions, enables him to invoke different roles ranging from an administrator of the organization to a more politically-oriented position that of a political advocate, coalition builder, lobbyist and policy-maker. On one hand, the greater the enactment of politically oriented roles by the Director General the greater the chances of invoking transformational rather than transactional leadership. The Director General, who exercises a sound transformational leadership, not only encourages his followers to identify themselves with the new missions and strategies of the organization[107] but at the same time, provides them with greater independence and autonomy in decision making while encouraging innovation and creativity thus, also risk-taking rather than rule-obedience behavior. This, in turn, increases the likelihood of the occurrence of transformation than accommodation in the organization and anticipatory rather than reactive changes. On the other hand, the greater the Director General's performance of administrative roles, which place emphasis on the award/punishment incentives rather than 'idealized' and emotional motivation and on a rule-compliance and risk-averse behavior (all associated with the transactional leadership), the more likely is the process of accommodation than transformation in organization.

In the 1990s, the ILO had two Directors General, Michel Hansenne (1989-1999) and Juan Somavia (1999 till the present). Based on the preliminary interviews[108], the two leaders provided different types of leadership. Although they both came to take the position of the ILO Director General from outside, not being previously directly involved in the work of the organization, they had different profession 'upbringing'. Hansenne was a national politician and held several ministerial posts in the Belgian government, including the ministry of employment and labor and briefly the ministry of culture and the ministry of civil service. Although being involved in politics, Hansenne did not give up on his research and publishing activities. Thus, he combined the roles of both academic and politician. Juan Somavia, on the other hand, is a natural born diplomat. His international diplomatic career started at the end of the 1960s from the ambassadorship, through his involvement in the work of the UN as the Chile's representative. In the 1990s he held the post of the President of the United Nations Economic and Social Council. The professional careers of the two most recent ILO Directors General made them predisposed for two different leadership types. Hansenne provided the ILO with a more transactionalist leadership type; settled and concentrated more on improving the efficiency of the organization and its strategies but within the realm of already established rules, whereas Somavia offered the ILO more of a transformational leadership that challenged existing behavioral routines and rules of work.

Within the boundaries of the already functioning rules and operating procedures, Hansenne introduced in 1992 the Active Partnership Policy, which thus, should be seen as an accommodation type of change. At the same time, this initiative was a reactive change taken under the pressure of the developing countries that were virtually "queuing" in the ILO Bureau in Geneva asking for specialized advice and technical assistance[109]. Thus, the Active Partnership Policy aimed at deconcentrating[110] the ILO functions via remodeling the existing

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[106] Victor-Yves Ghebali, *The International Labour Organisation. A Case Study on the Evolution of U.N. Specialised Agencies*, Martinus Nijahoff Publishers, (London 1989): 159.

[107] Transformational "leaders create change by providing a vision that is attractive to followers rather than creating dissatisfaction with the status quo". See Regina Eisenbach, Kathleen Watson and Rajnandini Pillai, Transformational Leadership in the Context of Organizational Change, *Journal of Organizational Change Management*, vol. 12, no. 2 (1999): 84.

[108] The interviews were conducted with the ILO senior specialists and the ILO experts working in the ILO Multidisciplinary Team in Budapest between January and March 2002.

[109] Interview with the Director of the MdT in Budapest, 27 of February 2002.

[110] Deconcentration is understood as the transfer of responsibilities from the ILO Bureau to the Multidisciplinary Teams, where the latter remains part of the ILO Bureau, under its direct control. This differs significantly from

area offices or correspondence bureaus that the ILO had established in different countries and regions in order to maintain political relations with governments and social partners. These offices were now turned into Multidisciplinary Teams (MdTs). The MdTs became "small ILOs' in the field"[111], responsible for carrying out technical cooperation programs in the particular countries. The results of this 'transactional'-driven change were significant. The establishment of the MdTs secured the employment of the ILO staff on a stable level, firstly, by reducing the reliance of the organization on the outside experts, employed by the ILO on an ad-hoc basis, and secondly, by shifting human resources to the regions[112]. Moreover, the MdTs eventually turned into effective promotional tool for revitalizing the ILO labor standards, which was reflected, among others, in the increase of the ratification rate of the ILO fundamental conventions[113].

The current ILO Director General, Juan Somavia, who took his post in 1999, started from an ambitious and far-reaching plan of re-engineering the ILO structures. Using a catchword 'Decent Work' filled in, however, with a substantive content, he applied his transformational leadership skills to convince the fellow employees and the ILO constituents to support a new mission of the organization based on four strategic objectives promoted in the Decent Work program[114]. Soon a profound restructuring of the ILO, its programs, budgeting and administration followed. Both, the ILO Bureau and its Multidisciplinary Teams were restructured according to the four strategic objectives, which brought about a significant impact on the visibility of the ILO mandate and its effectiveness[115]. Decent Work agenda allowed to establish certain targets and performance indicator that "for the first time, enable (the ILO) to measure progress and to be accountable to constituents"[116]. Additionally, under the Decent Work program the new strategic budgeting was introduced that merged 39 major programs, often loosely coupled and frequently overlapping with one another, into one coherence structure centered on four strategic objectives and their corresponding operational programs.

Decent Work initiative should be also seen as a practical extension and materialization of the Director General's transformational skills. In this way, Decent Work was used to turn the ILO traditional command and control structure into more participative, self-directed, self-organized work-teams, which emphasizes creativity, innovation and experiment-driven working conduct thus, reinforcing a risk-taking behavior in organization. Transformational

decentralization, where the ILO Bureau would need to relinquish part of its responsibilities to regional bodies, which would be directly supervised by the ILO political body, for example, by the Governing Body. The ILO administration, facing constrains to its objectives in the constitutional structure of the Organization, attempts to enhance its position by making the best use of deconcentration of its activities in the framework of multidisciplinary teams. Thus, deconcentration process enables the ILO Bureau to carry out its tasks more efficiently and exercise more influence on the organization's policies.

[111] Interview with the Senior Specialist on Industrial Relations and Social Dialogue in the MdT in Budapest. 4 of March 2002.

[112] Between 1980-1990 the ILO employment in the ILO headquarters in Geneva in comparison with the level of the ILO staff, which was employed in the regions, changed only by a little more than 1% in favor of the latter. However, from 1992 (after the MdTs were introduced) onwards, the pace of decentralization of employment in the ILO Bureau has been more than 10 times faster than in the 1980s decade (between 1992-2000 there was a shift of 10% between the numbers of people working in the ILO Bureau in Geneva and those employed in the regions). . In 2000, around 40% of the total ILO staff (including, both, Professional and General Services) has been working in the regions, comparing to around 30% in 1990. See Programme, Financial and Administrative Committee, Governing Body, International Labour Office, GB. 283/PFA/11, 283rd Session, Geneva, March 2002.

[113] Interview with the Director of the MdT in Budapest, 27 of February 2002.

[114] Four strategic objectives connected with "securing decent work for women and men everywhere" relate to a) the renewed attention to ILO standards based on the Declaration on Fundamental Principles and Rights at Work, b) the creation of greater employment and income opportunities for women and men, c) strengthening social protection and d) promoting social dialogue and tripartism aimed at strengthening the institutional capacity of ILO constituents. See Decent Work, Report of the Director-General: Decent Work. International Labour Conference, 87th Session. Geneva, (June 1999).

[115] This is the opinion expressed by various ILO senior specialists during the interviews carried out in MdT in Budapest between January and March 2002.

[116] Report of the Director-General: Reducing the Decent Work Deficit - A Global Challenge, 89th Session Geneva, June 2001.

skill of the current Director General encourages the introduction of anticipatory ideas in the ILO. One of the more indicative examples of such anticipatory changes, is the establishment in February 2002 the World Commission on the Social Dimension of Globalization, which is composed of the current Presidents of various member-states, politicians, academics, social experts and a Nobel Prize Economics laureate. Thus, the ILO "at the present moment … is the only international institution where the social dimensions of globalization are being debated"[117].

The ILO as a service-oriented organization and the type of change

In order to address the organizational properties proposition, the ILO organizational structure needs to be briefly analyzed. The ILO belongs to service-oriented organizations and is characterized by relatively decentralized structures and open system that enables it to establish thick net of interorganizational linkages. The ILO is responsible for providing to its member constituents certain services that are mainly connected with implementation of various technical cooperation programs. Because of its decentralized structure based on various multidisciplinary teams and particularly, because of its unique tripartite system, which brings together representatives of labor, business, and governments, the ILO has much greater opportunities and resources than any other UN agency in establishing strong partnership links and conduits for external dialogues with outside institutions, groups and individuals[118]. Thus, the ILO can maintain a dense net of linkages with various organizations of the multilateral system and civil society by the virtue of its exceptional structural arrangement, which is, for example, reflected in the operation of two separate units inside the ILO secretariat: the Bureau for Employers' Activities (ACTEMP) that has close contacts with the employers' organizations worldwide and the Bureau for Workers' Activities (ACTRAV), which is responsible for establishing and maintaining relations with trade unions all over the world.

According to the organization properties proposition, the ILO service-oriented structure and thus, its decentralized and open-system combined with the unique tripartite mechanism and with the existence of a thick web of linkages between the ILO and various outside actors, make this organization being particularly susceptible to the environmental fluctuations and pressures, increasing the likelihood of a more radical change in the organization.

Concluding remarks to the case study on the ILO

Profound changes in the external environment that have impact on the ILO would suggest that the ILO embarks on transformation not accommodation. However, this environmental influence is often mediated by the actors and structures in the ILO. Thus, we see both transformation and accommodation. The changes that were introduced prior to 1999, could be considered more as accommodation. After 1999, when Juan Somavia took his office, and pressed ahead with the Decent Work initiative and we see much more radical, transformative changes that affect both, the ILO mission and strategies. This finding could indicate that the type of leadership: trasformational or transactional, has a dominant influence on the kind of changes that are introduced in the ILO. Nevertheless, as it was also shown, the changes in the ILO are also mediated to various degrees by other factors: path dependence and its elements such as organizational memory and organizational culture or the phenomena of unanticipated changes and uncertainty. Most of these factors, however, help to implement more radical changes and only few create a serious obstacle to transformation. This maybe the

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[117] Manuel Simón Velasco, Director of the ILO Bureau for Workers' Activities quoted in
Labour Rights, a Concern for all International Institutions, Says ILO Official
http://www.ilo.org/public/english/dialogue/actrav/new/standards.htm Accessed 20 of January 2003.
[118] A telling example about how the tripartite system can influence establishment of different inter-organizational linkages is the declaration prepared by the ILO workers' group and sent to the World Trade Organization (WTO) Director General Mike Moore. The declaration practically demanded from the WTO "to engage in constructive dialogue with the ILO to give meaning to the commitments of the 1996 Singapore WTO Ministerial meeting regarding core labour standards". See ILO Workers' group calls on WTO to promote basic labour rights, http://www.ilo.org/public/english/dialogue/actrav/new/wto.htm Accessed on 20 January 2003.

reason why the Director General, Juan Somavia, in such a short period of time, was able to introduce and start implementing effectively the initiative that constitutes a major organizational transformation.

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