

The lack of public goods in emergent economies: a call for research and a case study of innovative organisational designs

Nuno Gil

INTRODUCTION

The problem motivating this call for research is the lack of public goods in emergent economies – institutional environments that lack efficient markets, well-defined property rights, contract-enforcing mechanisms, basic infrastructure and the codified, enacted and enforced rule of law (George et al., 2012; Khanna and Palepu, 1997). To navigate the ‘institutional voids’ in these environments, as organizations work towards their goals, they use intermediaries - agents that broker relationships, bringing about activities between two or more parties that could not readily happen otherwise (Mair et al., 2012; McDermott et al., 2009). Institutional intermediaries are those agents that help to create and develop institutions, thus helping create the prescriptions that people use to organise all forms of interaction (North, 1990; Ostrom, 1990). The shortfall of institutions in the environment makes it a grand challenge to build public goods, this is a socio-economic problem so complex, uncertain and difficult to resolve that seems intractable, like ending global hunger or eradicating extreme poverty (Colquitt and George, 2011; Ferraro et al., 2015; Grodal and O’Mahony, 2017). And this is the grand societal challenge informing this call for research.

Extraordinarily, the focus of management scholarship on institutionally underdeveloped environments has been on how private actors can navigate institutional voids, and thus navigate the lack of public goods, in order to create and appropriate value. Thus, this literature has focused on how multinational firms and entrepreneurs use institutional

intermediaries like business incubators, science parks and development agencies to enter in emergent markets. This literature shows that intermediaries help private firms access public resources, and acquire capabilities, certification and informal resources. Some intermediaries act as closed-system agents, only seeking to create benefits for the restricted set of system participants; others act as open-system agents, seeking to create benefits for parties beyond the participants and to improve the general institutional environment (Dutt et al., 2016).

This body of literature is instructive, but neglects how the state itself can develop public goods, and thus how institutional intermediaries can help the state fill institutional voids. And yet, there is a vast group of institutional intermediaries that are ready to help struggling governments access much needed finance, human capital and other resources to produce public goods: multilateral organisations and development banks, charitable donors, and development agencies owned by both advanced economies and emerging economies. This development assistance, though, comes with strings attached that constrain the architecture of the inter-organisational contexts that are formed to produce public goods. In other words, the institutional intermediaries act as organisational designers by influencing strategic choice on the system components, on their relationships to each other and the environment, and on the principles and widely held shared rules by which the organisational system evolves and complementary resources are orchestrated (Fjeldstad et al., 2012; Simon, 1962).

The role of institutional intermediaries as organisational designers is particularly salient in the inter-organisational contexts formed to develop capital-intensive public goods like utilities, transportation and other basic infrastructure technology, for example, hospitals, schools and affordable housing – the focus of this call for research. Infrastructure is a class of public goods that is a prerequisite to economic growth and sustainable development. Yet a conflation of factors, including population growth, climate change and rapid urbanisation is exacerbating the infrastructure gap in emergent economies. The challenge to bridge this gap

is colossal: for example, with 90 per cent of urban growth occurring in the developing world, the number of slum dwellers is projected to reach 2 billion by 2023 – about a fourth of the world's population (UN-Habitat, 2008). In Africa alone, whose population is expected to reach *40 per cent* of the world's population in this century, less than half of the people have access to electricity; water scarcity and lack of infrastructure to deal with extreme weather, such as the Cape Town drought, present other pressing problems (IEA, 2016; UN, 2017, 2018).

Strikingly, the intermediaries presently assisting the emergent economies to pursue development by building basic infrastructure differ sharply in their approach to navigating institutional voids. These differences are rooted in the emerging global order, as China rises to become the world's biggest economy and the share of the global economy of the advanced economies, hobbled by fiscal pressures and populism, shrinks. Development assistance disbursed by traditional intermediaries occurs mostly in the form of grants and loans that are conditional on western principles of good governance – transparency, stakeholder engagement, accountability, equity, and rule of law (Burnside and Dollar, 2000; Hermes and Lensink, 2001). As a result, the organisational contexts enabled by traditional intermediaries cannot grow until the intermediaries first help the authorities to build managerial capacity in the public sector, and legal and policy frameworks for budgeting and public expenditure management. In other words, filling the institutional voids in the surrounding context is as much a part of the system-level goal as is building basic public infrastructure.

In marked contrast, Chinese development finance comes with limited conditionality. Rather than 'aid', Chinese finance provided by, for example, the Exim Bank of China or the China Development Bank are basically export credits more akin to syndicated loans from European commercial banks or US export credits. Accordingly, the Chinese intermediaries take the institutional environment as a given. Their focus is to build the capital-intensive

infrastructure technology first and to develop institutions (if any) second. Furthermore, Chinese finance is tied to purchasing and importing from China as much technology and services as possible, a model pioneered by Japan decades earlier (Brautigam, 2009, 2011). To create opportunities for Chinese firms to work abroad quickly, these networks exploit institutional voids or artfully manoeuvre around them. These differences notwithstanding, both forms of organising to pursue development by building basic infrastructure merit research as they complement one another. In Africa, for example, Chinese finance is about to exceed finance from the World Bank, and already dwarfs finance from the western development agencies; from 2000 to 2015, \$63 billion was disbursed by the Export-Import Bank of China against \$1.7 billion by the US Eximbank (Eom et al., 2017).

In light of these two alternative forms of intermediation, Gil et al. (2018) argue that this situation is suggestive of a fundamental organisational duality. Design dualities exist when organisations wish to pursue two jointly desirable objectives, but struggle to reconcile the two because the attributes underlying one pole of the duality tend to be incompatible with those that underlie the other pole, for example, to exploit or explore; to integrate or differentiate (Evans and Doz, 1989; Lawrence and Lorsch, 1967). Faced with these difficulties to design organisations to pursue dualities, the organisation architects choose instead to focus on one of the poles of the duality, as opposed to doing both; in other words, they choose ‘gains from focus’ in detriment of ‘gains from ambidexterity’ (Birkinshaw and Gibson, 2004; Smith and Tushman, 2005). In the grand challenge that is filling the gap in basic infrastructure, a duality arises because the objectives of getting the infrastructure done quickly *and* developing the institutions in the environment are both desirable. Failure to build robust institutions and local capabilities compromises the long-term sustainability of the technological outcomes. But failure is also not to build basic infrastructure *quickly* considering the urgent need to equip societies to cope with population growth, urban migration, and climate change. Still,

designing organisational contexts that reconcile both objectives is hard because they tend to have incompatible attributes, which raises the question if more ambidextrous systems cannot be designed to improve performance – the core question underlying this research call.

The remainder of this call for research is organised as follows. I first draw on organisational design literature to formulate a research agenda informed by the challenge of developing the emergent economies' infrastructure. I then illustrate opportunities for management scholarship with evidence from an innovative organisational design set up to upgrade the informal settlements in Cairo, the world's fastest-growing city. I conclude with considerations on opportunities and challenges for inputting this research agenda into action.

<a>BUILDING PUBLIC GOODS IN EMERGING ECONOMIES: AN ORGANISATIONAL DESIGN RESEARCH AGENDA

In recent years, China's economic rise has given governments of emerging economies agency to choose between two very different approaches to pursue development. This phenomenon has exacerbated a duality in designing organisational systems to build capital-intensive public goods. This duality is the subject of an unresolved debate in the development literature, which is summarised below, before laying out a research agenda for management scholarship. To put this debate in perspective, it is worth noting that China has pledged \$1 trillion over the coming decades to build the emergent economies' infrastructure through the Belt and Road Initiative – China's cooperative development strategy launched in 2013, whose scope ranges from building a new capital city for Egypt to railways, hospitals and dams in sub-Saharan Africa, ports and power stations in Asia, and gas pipelines in Eurasia.

On one side of the debate is the idea that western finance is dogmatic and inflexible, that good governance principles increase transaction costs too much and that the impact of western aid on growth has been negligible (Hirschman, 1967; Moyo, 2009; Tan-Mullins et al., 2010). Accordingly, China is seen as providing much needed investment in basic public infrastructure; bringing technical and commercial know-how and widening market access; and getting infrastructure done quickly without tiresome ‘strings’ attached (Henderson, 2008; Hernandez, 2017). Yet other scholars claim that Chinese finance is nothing more than ‘rogue aid’, serving an opaque clique of interests dominated by informal and personal relationships (Naim, 2007). They also claim that China is allowing profligate states to build up unsustainable levels of debt, retain weak financial, economic and political governance, and occasionally infringe human and civil rights (Dreher and Fuchs, 2011).

Yet, as the allure of the Chinese centralised, state-led approach grows in emerging economies and hope wanes on more inclusive, market-oriented approaches espoused by advanced economies, more research is needed to understand what exactly is going on here. I contend that one cognitive lens relevant to illuminate this phenomenon is organisation design, a research stream at the heart of management literature. We know that organisation design is contingent on the institutional environment to which the organisation must relate (Lawrence and Lorsch, 1967; Scott, 1981; Thompson, 1967). We also know that institutions are more than just background conditions – they directly influence strategic choices available to an organisation, and organisations are known to achieve and sustain competitive advantage through strategies that overcome, shape and capitalise on the nature of their institutional environments (Henisz, 2002; Khanna and Palepu, 1997, 2010; Khanna and Rivkin, 2001). Furthermore, the actor-networks enabled by development finance are but instantiations of ‘meta-organisations’, that is, networks of autonomous actors which are unified by an identifiable system-level goal (Gulati et al., 2012). So, a choice between institutional

intermediaries that espouse differing principles to navigate institutional voids is a choice between different forms of (meta)-organising. And this raises the question as to how the designed structures and processes across the two forms of (meta)-organising enable the participants and the environmental actors more generally to create and appropriate value.

Importantly, we should not necessarily expect to find in the Chinese-enabled forms of organising highly innovative structures and processes to resolve the problems of collaboration and coordination – the two fundamental problems central to integrating effort in any form of organising (Puranam et al., 2014). On the contrary, numerous accounts suggest that Chinese-enabled organisational systems tend to centralise decision-making authority in the hands of a tight-knit coalition restricted to the Chinese actors (lender, main contractor) and the recipient state (Gil et al., 2018). This coalition is governed by contracts, but does not operate under pressures for accountability, stakeholder engagement and transparency. Hence, the deals between the participants are opaque, key stakeholders are excluded from the decision-making process, and suppliers are not selected through competitive markets. To resolve coordination problems, this form of organising relies on authoritarian political leaders and top bureaucrats with the power to mandate subordinates to provide the necessary information – a design suggestive of Demsetz's (1988) idea of coordination by 'direction'. At odds with calls for cooperative forms of organising, these closed and stratified networks may not rule out the use of coercion to acquire private resources that lie outside the system, for example, to acquire private land; rumours, often corroborated by evidence, are rife on the use of informal inducements in the form of bribes, kickbacks and other illegal activity to facilitate cooperation. And as characteristic of highly hierarchical systems, there is tight control over the right of the participants to speak on behalf of the actor-network (Zuckerman, 2010).

And yet, there is conflicting evidence on the performance of this closed, stratified and opaque organisational design. On the one hand, empirical evidence points to remarkable

achievements, such as the rapid developments of Addis Ababa's light rail transit, the first in Sub-Saharan Africa, and the railway connecting Kenya's capital city to the port city of Mombasa – two infrastructures with potential for creation of broad social value. Then, on the other hand, there are accounts of organisational failures due to underestimation of the strength of the institutions protecting property rights, often a legacy of the colonial period, and customary rights; the case, for example, of Chinese railway investments in Nigeria (Gil et al., 2018). This conflicting evidence raises interesting questions:

<bl>

<bt>Is the effectiveness of this form of organizing contingent on particular attributes of the institutional environment?

<bt>Is the use of informal inducements a prerequisite for this form of organizing to work?

<bt>Do its chances of success rely on particular attributes of the focal problem?

<bt>And what does success mean?

</list>

This last question is particularly hard to address, when not only information flows on costs and benefits are covert, but also the outcomes are long-lived and so data on the creation of social value takes decades to assemble. This is the case, for example, of the Tazara railway, a route for bulk trade from Zambia's copper belt to the Tanzanian port of Dar es Salaam, built in the 1970s with Chinese finance. This railway has struggled to create social value since its opening, but the option is still open. Relatedly, recent accounts suggest that the design of Chinese-enabled organizational systems to build infrastructure is itself evolving. For example, the Belt and Road Initiative is creating opportunities for western companies to work with Chinese partners.² And a China-International Monetary Fund (IMF) capacity

development centre was established in 2018 to train Chinese officials to work abroad – collaborations with potential to catalyse innovative forms of organising.

Interesting and relevant as these research questions might be, gaining access to the inner workings of the inter-organisational contexts enabled by Chinese finance is not easy, due to their own approach to navigating institutional voids. But this difficulty is a useful backdrop for thinking about questions to ask. The first question revolves around setting organisational boundaries under good governance constraints. These constraints are rooted in decades of western scholarship on the contribution of strong institutions and a shared belief in the rule of law to economic growth. This body of work posits the value of separating policy from the personal interests of the elites; of the rules governing economic exchange and governing how these rules are enforced and may be changed, and of the capacity of the state to commit credibly to upholding property rights (North and Weingast, 1989; North et al., 2009).

To meet these good governance constraints, the organisational leaders are expected to share decision rights with key stakeholders, for example, environmental agencies, local governments, and other public agencies. Further, they are expected to ‘co-opt’ (Lawrence and Lorsch, 1967) other stakeholders, trading access to their resources for a loss of decision-making autonomy. Any decision to locate decision rights is an organisational design choice (Aghion and Tirole, 1997). Hence, good governance constraints are about setting organizational boundaries. This does not mean that the leading participants in a system enabled by traditional intermediaries are prohibited from making unilateral decisions. They can; but these systems must follow the rule of law and respect property rights to attend to distributional concerns on value creation. Further, these systems are also expected to help develop the institutions and capabilities in the context, for example, legislation for budgeting and managing public expenditure, structures to arbitrate disputes and management capacity of

public agencies. These constraints exacerbate the interdependency of the system with an institutionally underdeveloped context – a source of uncertainty that threatens their survival.

Importantly, good governance constraints do not advocate flat systems with equal members. They also do not advocate that the systems need to be open to any actor wanting to join in. On the contrary, inter-organisational contexts enabled by traditional intermediaries remain stratified and closed, with the lender and the state sharing the ‘gatekeeper’ role (Rothaermel and Boeker, 2008). But transaction costs increase with efforts to build consensus with key stakeholders, to engage with other stakeholders, to design contracts to govern resource exchanges and to develop surrounding institutions. Changing institutional regimes is particularly time-consuming and costly because of information asymmetries, incompatible interests and equity concerns (Libecap, 1989). This raises the question of how, under the shadow of good governance constraints, organisational boundaries can be manipulated to *simultaneously* economise on transaction costs, encourage cooperation and accelerate growth.

A second broad research question, triggered by the loss of allure in the inter-organisational contexts enabled by traditional intermediaries, relates to the role of the informal organisation. Organisational design choices matter because they mandate interactions for exchanging and mobilising resources in pursuit of collective goals (Gulati and Puranam, 2009). In other words, designed structures and processes are what both constrain and enable collective action. But researching connections between organisational design and social networks is also critical to further our understanding of organisational performance (Van de Ven et al., 2013). We know that dispute resolution ultimately hinges on the interplay between formal and informal mechanisms. And we also know that informal mechanisms can compensate for the formal organisation by encouraging individuals to behave in certain ways that can add value, even if the formal organisation does not reward or emphasise those behaviours (Gulati and Puranam, 2009). Furthermore, in institutionally underdeveloped and

resource-constrained settings, organisations are more effective if they have the capacity to mobilise informal resources like local know-how, networks of trust, and traditional technologies (George et al., 2016).

The idea that inconsistencies between the formal and informal organisation can be leveraged to create ambidextrous inter-organisational contexts seems particularly relevant to tackle the grand challenge motivating this call for research. Perrow's (1986) study of complex systems shows that management by direct controls is unreliable and expensive. And paraphrasing Perrow, he went further, stating that the vast proportion of the activity in organisations goes on without personal directives and supervision, and even without written rules. Our focal challenge suggests a duality in organisational design: we need quick action to build infrastructure *and* to build institutions. Yet empirical evidence shows that the two objectives are hard to reconcile. For instance, for more than a decade the World Bank has worked with the government of Kampala, Uganda's capital, to upgrade its network of colonial-era roads. The Bank claims that Kampala is a 'city in transformation'. But the achievements on the ground have been limited and way outpaced by the rapid growth of Kampala's population. This sense of frustration is even greater in Lagos, Nigeria, which will soon become Africa's largest city by population: 15 years after the World Bank helped set up a transportation agency, Lagos still lacks very basic public transportation (Gil et al., 2018).

So it is worth exploring ways by which the informal organisation can compensate for the slowness of the formal organisation enabled by traditional intermediaries. Evidence from systems enabled by Chinese finance suggests that their rapid achievements can be traced in part to cooperation facilitated by informal private gains. The role of a powerful informal organisation is also documented in accounts of the nineteenth-century US infrastructure boom (Chandler, 1977; Levy, 2014). But of course, the idea of a compensatory fit by which the informal organisation pushes in a direction away from good governance is unsettling;

turning a blind eye to bribery, corruption and other illegal activities goes against the principle of accountability that pressures organisations to credibly commit to follow promised and/or reasonable procedures (Freeland and Zuckerman, 2018). It is more reassuring to think of complementarities in terms of supplementary fit, in which the informal and formal organisations push in the same direction (Kogut and Zander, 1996; Milgrom and Roberts, 1990; Siggelkow, 2002). But Perrow (1986) argues it is not unusual for activity in complex organisations to go on in permitted violation of the rules. And even if we accept that there might be value in complementarities in terms of a compensatory fit, practical problems and lack of understanding of boundary conditions suggest an opportunity to build new theory.

Crucially, evidence suggests that traditional intermediaries are trying to improve the effectiveness of development assistance through innovative forms of organising. The merits of researching these efforts are better evaluated by considering the evidence from the following case of an innovative system set up to upgrade the informal settlements of Cairo.

<a>INNOVATIVE ORGANISING TO UPGRADE CAIRO'S GARBAGE CITIES

Cairo, the world's fastest-growing city, is a suitable setting to research new forms of organising to build public goods whilst navigating institutional voids for three reasons. First, about two-thirds of its over 22 million people are already trapped in slums and informal settlements with alarming life conditions: limited access to basic infrastructure, no property rights, ramshackle houses and threat of forced evictions (Sims, 2010). Second, as a gateway for migratory flows into Europe, Cairo has been at the forefront of western donor efforts to improve informal settlements. Under pressure from the international community, the

Egyptian state has recognised that informal areas are not totally clandestine, but rather outcomes of policies of negligence and laissez-faire (Khalifa, 2015); the state has also set up a public agency, the Informal Settlement Development Facility, to tackle the problem. And third, the very same authoritarian state has, for decades, attempted to tackle this problem through centralised initiatives that are akin to the models espoused by the Chinese funders. Efforts to evict the poor from inner-city areas and relocate them in new satellite cities in the desert have nonetheless failed because the poor cannot afford to live far away from the city (Sims, 2015). But now, illustrating the duality at the core of this grand challenge, the Egyptian state is in advanced talks with Chinese funders to build, in five to seven years, New Cairo. This scheme to build a £30 billion purpose-built capital in the desert is seen as a massive gamble by urban planners.³ Accessing data on New Cairo is virtually impossible, which shifts our focus to the efforts of the western agencies to upgrade informal settlements; central to their approach to organising is the participatory development policy.

<a>THE PARTICIPATORY DEVELOPMENT POLICY

Participatory approaches are a response of western actors to a widely felt need for a power reversal between the development agencies and the poor - the beneficiaries (Chambers, 1983). The basic idea is to see the poor as development partners, or as Chambers (1983, p. 150) says, 'to put the last first'. So a participatory approach allows the poor to directly influence decisions on capital allocation. This idea has been institutionalised as follows:

<quotation>

the empowerment of the people to effectively involve themselves in creating the structures and, in designing policies and programmes that serve the interests of all, as well as to effectively contribute to the development process and share equitably in its benefits.⁴

</quotation>

A participatory approach assumes that the risks of organisational failure are higher if the poor are left out of a formal, deliberative decision-making process. By bringing the poor into the organisational boundaries, a participatory approach seeks to encourage the poor to cooperate and voluntarily contribute resources under their direct control, for example, know-how, networks of trust, time, labour and even cash. But a participatory approach does not seek to use contracts to formalise the resource exchanges. Instead, the idea is to build a temporary, informal organisation not dissimilar to the informal organisations formed in emergent situations (Majchrzak et al., 2007). This informality can belie the organisational goal to resolve ill-defined property rights and formalise informal economic activity. But a participatory approach recognises that building a formal temporary organisation would lead to unaffordable transaction costs, such as the costs of bargaining, delays, information measurement, supervision, enforcement and political action (Williamson, 1979).

Numerous accounts suggest that a participatory approach works better than a top-down approach at encouraging voluntary resource contributions from the poor; it also works better at attracting good maintenance for the outcomes (Baiocchi, 2003; Osmani, 2008). Other accounts, though, show that a participatory approach is not easy to implement, because the poor tend to mistrust the authorities, lack the skills to collaborate, and may not see how the benefits of participating outweigh the costs (Osmani, 2008). Other issues are the risks of local elites capturing the participatory activities to solidify previous inequalities and of the poor feeling incentivised to distort information (Platteau and Abraham, 2002; Rigon, 2014). There

is also a risk that a participatory approach becomes merely a rhetorical discourse in order to masquerade a consultation process (Cooke and Kothari, 2001; Kumar and Corbridge, 2002).

The idea of supplementing a group of organisations governed by contracts with an informal organisation resonates with Williamson's (1979) idea of combining simple contracts with complex governance structures reserved for complex relations. Still, the idea of sharing decision rights with actors with ill-defined property rights remains underexplored. We turn now to illustrate how this idea was put into action to upgrade Cairo's garbage cities.

<a>UPGRADING CAIRO'S GARBAGE CITIES

The case focuses on a project that won an award for urban innovation⁵ to upgrade the Zabbaleen ('garbage people' in Arabic) cities of Cairo. It is an 'extreme case' for inductive research (Siggelkow, 2007) in that the project succeeded in quickly building much needed infrastructure whilst changing surrounding institutions. The Zabbaleen are a community of 60–70,000 families who live in informal settlements and handle about a third of the waste generated daily in Greater Cairo.⁶ The men collect garbage manually and transport it using donkey and motorised carts; the women and children sort and recycle waste manually for their families, or against a low daily wage for others in makeshift workshops and households, separating paper, plastic, glass and food in bags ready to be sold for recycling.

Informal waste pickers – the 'poorest of the poor' – represent considerable savings for developing economies, both for picking up the waste left uncollected by the public and private sectors and for recycling substantially more waste, thus reducing the need for landfills. But waste pickers, estimated to be about 10 per cent of the inhabitants in slums

around the world (Wilson et al., 2006), live surrounded by potentially infectious, disease-ridden garbage. In Cairo, a centralised attempt by the Egyptian state to address the solid waste management problem by privatising waste collection in the early 2000s had failed. Due to lack of local know-how, the contractors overlooked the difficulties of serving Cairo's narrow streets and alleys with their modern trucks; they also struggled to recruit staff because of the social stigma of being a garbage collector. Complicating matters, the cash-strapped Municipalities struggled to pay the contractors and meet their contractual obligations to provide basic infrastructure for the contractors to handle the waste. This made it hard for the contractors to meet their own performance targets, which triggered fees that the contractors refused to pay (Scheinberg et al., 2010). The residents themselves continued to prefer paying the Zabbaleen to collect their garbage unofficially from their door, as opposed to taking the garbage out and putting it into the contractors' large bins. And the residents were also frustrated that they had to pay a 'cleaning' fee for the contractors' services. Attempts by the contractors to hire the Zabbaleen fell flat, since most Zabbaleen found it more lucrative to stay in the informal sector. Occasionally, the Zabbaleen sought to sabotage the private contractors' work by collecting waste before the contractors could come to collect.

When the Egyptian state asked the World Bank and the United Nations for help in 2010, both multilaterals advised the state to integrate the Zabbaleen in a new solid waste management policy; such an inclusive approach would also tackle the inhumane and undignified conditions in these garbage cities. Because upgrades of informal settlements rarely generate revenues, they are suitable for charitable aid. But foreign donors cannot offer a grant unless the sovereign state that is the recipient of the funds agrees to be aided. Facilitating resource exchanges between donors and the host state are the implementation agencies that play a role akin to the institutional intermediaries of private enterprises. Seeing opportunity for funding, GIZ, an implementation agency fully owned by Germany, proposed

to the Egyptian state a pilot project as part of its Participatory Development Program (PDP) – a bilateral collaboration to attract foreign funds. I turn now to examine how a participatory approach led to an ambidextrous inter-organisational context.

<a>DEVELOPING A ‘NEXUS’ OF CONTRACTS

A ‘nexus’ of contracts was at the core of the architecture of the inter-organisational context designed by leading participants to upgrade the garbage cities. First, there was the 2004 agreement of bilateral cooperation by which the Egyptian state allowed GIZ to engage with local authorities, civil society actors and the Cairenes. As part of this agreement, GIZ co-located an operational team in the Ministry of Planning facilities, and committed to a schedule of monthly meetings and reports of its plans and activities. One level down, GIZ entered into a contract with the Qalyubera Governorate, an administrative entity overseeing over 5 million people with delegated authority from the state to implement the national solid waste policy in the 11 towns under its jurisdiction. This authority was further delegated to the Municipalities (town governments), which were mandated to monitor the activities of the waste contractors and the Zabbaleen, pay the waste contractors and levy and collect fees. In exchange for cost-free investment and capability-building, the Governorate committed to contribute land so GIZ could go ahead and build solid waste management facilities and also authorised GIZ to work with two Municipalities, each one hosting a garbage city.

Agreements with the authorities notwithstanding, GIZ lacked funds to finance the upgrades of the two Zabaleen cities and was constrained by good governance requirements that required using costly international tenders to select suppliers. A solution for the financial

bottleneck emerged when the Bill and Melinda Gates Foundation announced plans to fund projects to fight urban poverty. This donor was interested to find out if there was a ‘silver bullet ... something that could be transformative’, as one consultant noted. In full alignment with the goal of GIZ, the Gates Foundation wanted to support solutions that would enable engagement ‘with the poor ... turn them from being beneficiaries into partners’, as Melinda Gates said.⁸ The reputation of the GIZ PDP programme in Egypt, the oldest GIZ development programme worldwide, reassured the donor that their money would be put to good use. In turn, GIZ welcomed aid from the Gates Foundation, since it was unclear when aid from the European Union would arrive. The \$5 million grant from the Gates Foundation came with a formal commitment to a participatory approach, a fixed budget and timescale, and reporting and monitoring requirements.

This nexus of contracts between GIZ, the state, the local authorities and the donor enabled to put together an organisational system that was unified by the goal of upgrading the Zabbaleen garbage cities and integrating them in the formal solid waste management system. The resource exchanges between these participants were not difficult to decompose into contractible transactions because the resources were measurable, and did not involve high degrees of reciprocal interdependence (Baldwin, 2007). Instead, it was more about pooling resources (work permits and finance) in the hands of GIZ to enable the agency to get on with the job. Even so, these contracts left this organisational system constrained by sub-goals, targets and a commitment to a participatory approach. We turn now to examine how this last commitment translated into adding a collective-action structure.

<a>COLLECTIVE ACTION UNDER THE SHADOW OF CONTRACTUAL GOVERNANCE

A participatory approach allows the poor to directly influence the decisions that affect their lives in exchange for their collaboration. Still, bringing the Zabbaleen into the organisational boundaries was a risky choice because of conflicting interests and a lack of mutual trust between the poor and the local authorities. In other words, the GIZ expected significant rivalry in the choices that would need to be made to allocate the capital resources. But after the Zabbaleen were granted decision rights, the shadow of contractual governance made it costly for the contracting partners to renege on this pledge and violate the terms of the bargain. So, in other words, by sharing decision rights with the poor, the GIZ created a collective-action structure where some of the capital that was available became a common resource, conflating high rivalry with low excludability (Ostrom, 1990).

To implement their participatory approach, the GIZ planned one year of regular face-to-face meetings. The emphasis was to get the Zabbaleen groups representing the interests of women, the young and businesses, as well as the Municipalities and local popular councils elected by the town residents, to search for common ground on shared problems, potential solutions and corresponding capital allocation plans. The risk of failure was high because at any point one party could choose to free ride and make demands disproportional to what that party was willing to contribute to an equitable solution. Another risk was that participants might refuse to share private information. The Zabbaleen worried about the authorities coming to evict them, and sell the land of the garbage cities to real-estate projects; wary of more fines, the Zabbaleen were also reluctant to reveal their revenues; the places where they were picking up, recycling and dumping waste, and their collection routes; the local councils of residents, too, were concerned about being punished by the local authorities if they

complained too much. In turn, the Governorate did not want to disclose the budget for solid waste management as they were concerned that the Zabbaleen could exploit this information if they were to bid for contracts; and the Municipalities did not want to reveal how much money was being officially collected in fines on the waste pickers and the contractors, as there could be bribes involved, and were pushing instead for stricter regulation of the Zabbaleen activity.

To encourage the parties to share private information, the GIZ presented itself as a facilitator without private interest – ‘There wasn’t a sense that GIZ was leading, they were supporting, but never branding it as a western donor pushing their agenda’, said one respondent. For each planning workshop, which could last several hours, the Zabbaleen were free to choose the venue, time and who would represent them. In total, around 1,000 Zabbaleen participated in the workshops; GIZ also met weekly with seven committees of 10–12 residents to discuss the problems, solutions and get feedback. In addition, if one party was reluctant to share information in a multilateral meeting, the GIZ would meet first just with that party to allay their fears that by sharing information their interests could be harmed:

<quotation>

We’ve procedures to get to consensus: When we say to community groups, ‘you’ve to pay more’ that is a financial loss for them. But if they don’t pay more they don’t get proper waste management; the same for the informal sector. If you formalise, you’ve more scrutiny, pay taxes, but also get a contract, more security. For the Municipality, if you improve waste management you get less anger even if in the short-term you’ve to pay a bit more.

</quotation>

Over time, a sense of trust emerged between the Zabbaleen, the residents and the authorities that enabled open discussion of alternative solutions. The core set of contracts gave the GIZ the authority and the money to offer inducements for the poor and others to cooperate in the implementation of whatever solution all the parties agreed upon. But the GIZ was not in a position to force upon the participants a solution; the solution needed to emerge by consensus to avoid one of the parties from choosing to defect from the collective-action arena.

<a>THE PERFORMANCE OF THIS AMBIDEXTROUS FORM OF ORGANISING

To examine the performance of this inter-organisational context we investigated the extent to which the two objectives of the duality facing these systems were met: building infrastructure quickly and changing the institutions in the context. The findings suggest that in about three years, a quick achievement in the development aid sector, the project succeeded both in building basic infrastructure that dignified the living and working conditions of the Zabbaleen and in building institutions to create a sustainable solid waste management system.

The solution agreed upon involved compromise and reciprocation. First, the Governorate received a cost-free \$1.5 million investment on a waste recovery centre and a transfer station in exchange for making public land available to build the facilities; the location of the facilities was agreed by consensus after the Zabbaleen complained the initial plans made it too costly for them to travel to sort and unload the waste that lacked value. Second, the Zabaleen received motorised carts and saw their workshops upgraded in terms of health and safety conditions at no cost to them. The Municipalities were also equipped, at no cost to

them, with technology to monitor the Zabbaleen and improve waste collection routes. In exchange, the activities of 200 waste pickers were formalised into four legal entities; these entities were awarded contracts from the Municipalities through competitive tendering for 80 per cent of the waste produced daily. The Zabbaleen women were also organised in a legal entity. They were trained to separate waste which was highly combustible and not recycled, and awarded a contract with Lafarge, a cement manufacturer, who committed to buy that solid waste to use as additional fuel.⁹ Importantly, the nexus of contracts proved flexible enough to cope with the costs of collective action. For example, the GIZ was allowed to re-tender the waste transfer centre domestically after bids from an international tender turned out to be unaffordable; the donor allowed money reallocations to avoid no-cost extensions; and the bilateral agreement of cooperation with the Egyptian state proved resilient enough to cope with a shift of the Egyptian state towards further centralisation of power after 2014.

More challenging was to leverage the local outcomes to impact national policy. The initial reaction of the government was good, and a test run started to create more Zabbaleen-run companies in Cairo.¹⁰ In addition, the government set up an inter-ministerial unit of participatory development, and even invited the Zabaleen to discuss a new national solid waste management policy. This warm reaction was linked to the arrival to government of Laila Iskander, a civil society actor passionate about helping the Zabaleen – ‘I’ve no fear for the Zabaleen. They are unbeatable’, said Laila. But as the Egyptian state increasingly centralised, Laila left, and without a political sponsor, an application to the World Bank for a loan to integrate more Zabbaleen communities was dropped.¹¹ In sum, this ambidextrous form of organising built infrastructure quickly whilst changing the institutions. But shifts at the field level have, for now at least, constrained the diffusion of this organisational innovation within Egypt.

<a>DISCUSSION

This case illuminates exciting opportunities for management scholarship through looking at public goods provision in emergent economies. The findings suggest an inclusive form of (meta)-organising that is hardly explored in the literature. The basic idea is to supplement a nexus of contracts with an informal collective-action structure in order to orchestrate all the complementary resources needed to achieve the system-level goal in an institutionally underdeveloped context. The main attribute of this organisational ‘contraption’ is the way in which it combines contractual governance (Williamson, 1979) with collective-action governance (Hardin, 1968; Libecap, 1989; Ostrom, 1990) to navigate institutional voids.

Underlying this organisational design choice is a fundamental trade-off: incur the costs of consensus building and the risk of a tragedy of the commons (Hardin, 1968) to economise on the transaction costs that would otherwise be incurred to acquire resources that exist in a regime of ill-defined property rights and inefficient markets. So, where the resources are measurable and there is no high degree of reciprocal interdependency, this form of organising uses contracts to govern resource exchanges. Where the resources are hard to measure, there is a high degree of reciprocal interdependency, the markets are inefficient and property rights are ill-defined, a collective-action structure is instead employed to encourage cooperation and voluntary contributions of informal resources (know-how, networks of trust).¹² The way by which the nexus of contracts allows for informal resource exchanges with the poor creates an ambidextrous system to navigate the institutional voids. This organisational design choice may seem unnecessarily complicated and inefficient, as with any man-made ‘contraption’,

but the findings suggest that this form of organising can be a useful social artefact to tackle grand societal challenges when there is a shortfall of institutions in the environment.

Of course, as a stand-alone governance structure, collective action has long been a subject of attention by theorists (Hardin, 1968; Olson, 1965; Ostrom, 1990). The high transaction costs of transforming collective action into contractual governance, that is, the costs of contracting *for* property rights (Libecap, 1989), have also been extensively theorised. But the idea of combining contractual and collective-action governance, that is, contracting ‘for’ collective action, is underexplored. Nonetheless, our findings suggest that there is value in so doing. The nexus of contracts is in agreement with the idea that when the transaction costs are negligible, the organisations lack incentives to bring activities in-house (Williamson, 1979, 1985). Furthermore, resource exchanges that do not involve high levels of reciprocal interdependency are not difficult to decompose into contractible transactions (Baldwin, 2007). The choice to build a nexus of contracts does not assume the contracting process needs to be complete. But assumes that through political negotiations, with reasonable costs, the parties can reach sufficient alignment of interests *ex ante* of the contract agreement, and that safeguards can also be devised to deter opportunistic behaviour *ex post* (Macneil, 1978; Williamson, 1985). Thus, the nexus of contracts leverages the advantages of a legal framework in a context with a shortfall of institutions to build a shared identity.

However, this nexus of contracts is insufficient to ensure that the inter-organisational system can be effective and survive. The crux of the problem is its reciprocal interdependency with the poor, and the weak institutions in which they are enmeshed. This interdependency creates uncertainty around what can be done and how, and the extent to which the outcomes are legitimate and sustainable. Forging a contract with the poor *ex ante* would also be very costly and time-consuming. The Zabbaleen may live in a regime of ill-defined property rights that is unsuitable to prevent common losses (Libecap, 1989). But as

the failure to privatise solid waste management shows, attempts to change institutional regimes are costly, especially if the number of participants is high, information asymmetries are sharp, the interests are competing, and the redistribution of economic benefits is involved (Libecap, 1989). To overcome this problem, the organisational designers make a judgement that it can be more advantageous to share decision rights with the poor than to leave them outside the organisational boundaries.

By giving the poor direct influence on some capital allocation decisions, competitive preferences emerge on the exact problems and how to solve them. Rivalry yields conflict, but once decision rights are granted to the poor, it is not easy for the contracting parties to exclude them. First, because a participatory approach is a contractual commitment that restricts the ability of the contracting parties to renege on their promise. In other words, the shadow of contractual governance makes it costly not to maintain the bargain. And second, excluding the poor could cause the whole system to fail: if the poor see no legitimacy in the system, they would lack incentives to share know-how, without which the system would struggle to succeed. Turning the poor against the system could also incentivise them to try to sabotage it – as the Zabbaleen did when they were excluded from the privatisation decision. Hence, a participatory approach effectively transforms some – but not all – development decisions and corresponding budgets into Ostrom's (1990) common-pool resources, that is, resources that are rivalrous in consumption by many actors, all of which are costly to exclude (Gil and Pinto, 2018; Gil et al., 2015). In so doing, the organisational designers incur the risk of underutilisation of shared resources and concomitant failure to provide a public good (Hardin, 1968; Libecap, 1989; Olson, 1965). This risk of failure is especially high in collective-action structures of the type created by a participatory approach where a few actors control most of the resources – if the poor do not perceive any threat by the resourceful actors to defect to be credible, they may try to exploit the resourceful claimants (Olson, 1965).

And yet on balance, our findings show the organisational designers judge that it is better to bring collective-action and concomitant social dilemmas inside the organisational boundaries than to incur transaction costs to resolve the ill-defined property rights *ex ante*. This judgement is informed first by the hope that intrinsic motivation to identify and solve shared problems will encourage the poor to join the collective-action structure – in the same way that strangers join informal organisations to tackle emergent situations (Majchrzak et al., 2007), and second, that face-to-face interaction and rewards to cooperate can encourage mutual trust and a shared identity to emerge – albeit with the lack of a centralised authority to control voice rights (Freeland and Zuckerman, 2018). This organisational choice creates a complex form of organising. But what makes this organisational ‘contraption’ attractive is the opportunity it creates to orchestrate complementary resources whilst navigating the institutional voids. And another advantage that should not be overlooked is a greater sense of ownership and responsibility for the sustainability of the co-produced solutions.

<a>CONCLUSION

Building public goods notably capital-intensive infrastructure in emergent economies requires coordinated collective action towards a unifying system-level goal albeit a shortfall of institutions in the environment – a problem that challenges boundary conditions in management scholarship (George et al., 2012). This need to assemble vast networks of autonomous actors is a recurring pattern that explains the complexity and uncertainty of the task structure for tackling grand challenges. In other words, grand challenges require both a high degree of differentiation among the participants to attend to the different facets of the

task structure and a high degree of integration to achieve desirable outcomes (Knudsen and Srikanth, 2014). Amplifying this complexity is the need to navigate the institutional voids

In agreement with these ideas, this chapter calls for more management research on the inter-organisational contexts formed to produce public goods in emergent economies. I ground this call on a great challenge of our times – the increasing infrastructure gap observed in the developing world. Drawing from organisation design theory, I propose a research agenda focused on a duality of objectives that are difficult to reconcile: do things quickly whilst changing institutions to create sustainable outcomes – a duality that gains more significance as the Chinese economy continues to rise whilst doubts grow in the advanced economies on their own models of democracy, individual freedom and market economy.

Admittedly, it is difficult to negotiate access to inter-organisational contexts enabled by Chinese finance. But this should not deter us from investigating this grand challenge. Rather, we should see in this difficulty a source of ideas to interrogate the organisational designs that are constrained by western requirements. Two areas to create more ambidextrous forms of organising seem promising: the manipulation of organisational boundaries and the interplay between the formal and informal organisation. To this point, I offer evidence of innovative systems that allow for collective action under the shadow of contractual governance. This insight suggests exciting opportunities for building management theory, and influencing existing organisational theory for those who venture to research this grand challenge.

<a>NOTES

1. For this account, I build on a detailed account of this case presented in Gil and Macaulay (2018).
2. T. Hancock, 2017. China encircles the world with One Belt, One Road strategy. *Financial Times*, 4 May.
3. P. Kingsley, 2015. A New Cairo: Egypt plans £30bn purpose-built capital in desert. *Guardian*, Monday 16 March.
4. African Charter on Popular Participation in Development and Transformation.
5. 2016 Guangzhou International Award for Urban Innovation.
6. *National Solid Waste Management Programme Egypt – Main Report*. Egypt, 2011; National Strategic Directives for Solid Waste Management in Egypt, 2014. National Solid Waste Management Programme, Ministry of the Environment, November.
7. Greater Cairo was administratively organised in three governorates (Giza, Cairo and Qalyubera) which collectively oversaw 35 Municipalities or town governments.
8. M. Walker, 2012. ‘Voices of change’: a trip through Dharavi. January Impatient Optimists, Bill & Melinda Gates Foundation.
9. D. Perilli, 2015. Lafarge tackles hurdles to refuse-derived fuels production in Egypt. *Global Cement*, 3 June.
10. S. El Wardany, 2015. Why Cairo recycles better than NYC in waste-picking tale: cities. *Bloomberg*, 20 January.
11. Cairo Municipal Solid Waste Management Project (P152961), 2014. Project Information Document. Concept Stage, World Bank.
12. Informal resources are difficult to acquire through market transactions, and thus it is better to transfer them within organisational boundaries (Kogut and Zander, 1996). Our findings do not contradict this idea, but our boundaries are the boundaries of the inter-organisational system, not the bound.

<a>REFERENCES

- Aghion, P. and Tirole, J. 1997. Formal and real authority in organisations. *Journal of Political Economy*, 105(1), 1–29.
- Baiocchi, G. 2003. Participation, activism and politics: the Porto Alegre experiment'. In Archon Fung and Erik Olin Wright (eds), pp. 47 -85, *Deepening Democracy: Institutional Innovations in Empowered Participatory Governance*. London and New York: Verso.
- Baldwin, C.Y. 2007. 'Where do transactions come from? Modularity, transactions, and the boundaries of firms', *Industrial and Corporate Change*, 17, 155–95.
- Birkinshaw, J. and Gibson, C. 2004. Building ambidexterity into an organisation. *MIT Sloan Management Review*, 45(4) 47–55.
- Brautigam, D. 2009. *The Dragon's Gift: The Real Story of China in Africa*. New York: Oxford University Press.
- Brautigam, D. 2011. Aid 'with Chinese characteristics': Chinese foreign aid and development finance meet the OECD-DAC aid regime. *Journal of International Development*, 23, 752–64.
- Burnside, C. and Dollar, D. 2000. Aid, policies, and growth. *American Economic Review*, 90(4), 847–68.
- Chambers, R. 1983. *Rural Development: Putting the Last First*. London: Longman.
- Chandler, A.D., Jr 1977. *The Visible Hand: The Managerial Revolution in American Business*. Cambridge, MA: The Belknap Press of Harvard University Press.

- Colquitt, J. A. and George, G. 2011. Publishing in AMJ: topic choice. *Academy of Management Journal*, 54, 432–5.
- Cooke, B. and Kothari, U. 2001. *Participation: The New Tyranny?* London and New York: Zed Books.
- Demsetz, H. 1988. The theory of the firm revisited. *Journal of Law, Economics, and Organisation*, 4, 141–61.
- Dreher, A. and Fuchs, A. 2011. Rogue aid? The determinants of China's aid allocation. Courant Research Centre 'Poverty, Equity and Growth' Discussion Paper 93, University of Goettingen.
- Dutt, N., Hawn, O., Vidal, E., Chatterji, A., McGahan, A. and Mitchell, W. 2016. How open system intermediaries fill voids in market-based institutions: the case of business incubators in emerging markets. *Academy of Management Journal*, 59(3), 818–40.
- Eom, J., Hwang, J., Atkins, L., Chen, Y. and Zhou, S. 2017. China Africa Research Initiative. School of Advanced International Studies Policy Brief No. 18, Johns Hopkins University.
- Evans, P.A.L and Doz, Y. 1989. The dualistic organisation. Chapter 12, pp. 219-242 In Evans, P.A. L., Doz, Y., & Laurent, A. (ed.), *Human Resource Management in International Firms: Change, Globalization, Innovation*. London PMacmillan.
- Ferraro F., Etzion D. and Gehman J. 2015. Tackling grand challenges pragmatically: robust action revisited. *Organisation Studies*, 36, 363–90.
- Fjeldstad, Ø.D., Snow, C.C., Miles, R.E. and Lettl, C. 2012. The architecture of collaboration. *Strategic Management Journal*, 33(6), 734–50.
- Freeland, R.F. and Zuckerman, E.S. 2018. The problems and promise of hierarchy: voice rights and the firm. *Sociological Science*, 5, 143–81.

- George, G., McGahan, A.M. and Prabhu, J. 2012. Innovation for inclusive growth: towards a theoretical framework and a research agenda. *Journal of Management Studies*, 49, 661–83.
- George, G., Corbishley, C., Khayesi, J.N.O., Haas, M.R. and Tihanyi, L. 2016. Bringing Africa in: promising directions for management research. *Academy of Management Journal*, 59(2), 377–93.
- Gil, N. and Pinto, J. 2018. Polycentric organising and performance: a contingency model and evidence from megaproject planning in the UK. *Research Policy*, 47(4), 717–34.
- Gil, N. and Macaulay, S. 2019. *Collective Action Under the Shadow of Contractual Governance: The Case of a Participatory Approach to Upgrade Cairo's 'Garbage Cities'*. Chapter 10 in *Duality by Design: The Global Race to Build Africa's Infrastructure*. Eds. Nuno Gil, Anne Stafford, and Innocent Musounda., Cambridge University Press, UK.
- Gil, N., Biesek, G. and Freeman, J. 2015. Interorganisational development of flexible capital designs: the case of future-proofing infrastructure. *IEEE Transactions in Engineering Management*, 62(3), 335–50.
- Gil, N., Stafford, A., Musonda, I. 2019. Introduction. Chapter 1 in *Duality by Design: The Global Race to Build Africa's Infrastructure*. Eds. Nuno Gil, Anne Stafford, and Innocent Musounda, Cambridge University Press, UK. (forthcoming).
- Grodal, S. and O'Mahony, S. 2017. How does a grand challenge become displaced? Explaining the duality of field mobilization. *Academy of Management Journal*, 60(5), 1801–27.
- Gulati, R. and Puranam, P. 2009. Renewal through reorganisation: the value of inconsistencies between formal and informal organisation. *Organisation Science*, 20(2), 422–40.
- Gulati, R., Puranam, P. and Tushman, M. 2012. Meta-organisation design: rethinking design in interorganisational and community contexts. *Strategic Management Journal*, 33(6),

571–86.

Hardin, G., 1968. The tragedy of the commons. *Science*, 162(3859), 1243–8.

Henderson, J. 2008. China and global development: towards a global-Asian Era?

Contemporary Politics, 14(4), 375–92.

Henisz, W.J. 2002. The institutional environment for infrastructure investment. *Industrial and Corporate Change*, 11(2), 355–89.

Hermes, N. and Lensink, R. 2001. *Changing the Conditions for Development Aid. A New Paradigm* (ed. N. Hermes and R. Lensink). London: Frank Cass.

Hernandez, D. 2017. Are ‘new’ donors challenging World Bank conditionality? *World Development*, 96, August, 529–49.

Hirschman, A.O. 1967. *Development Projects Observed*. Washington, DC: Brookings Institution.

IEA. 2016. *World Energy Outlook 2016*. Paris: International Energy Agency.

Khalifa, M.A. 2015. Evolution of informal settlements upgrading policies in Egypt: from negligence to participatory development. *Ain Shams Engineering Journal*, 6, 1151–9.

Khanna, T. and Palepu, K.G. 1997. Why focused strategies may be wrong for emerging markets. *Harvard Business Review*, 75(4), 41–51.

Khanna, T. and Rivkin, J. 2001. Estimating the performance effects of business groups in emerging markets. *Strategic Management Journal*, 22(1), 45–74.

Khanna, T and Palepu, K.G. 2010. Winning in Emerging Markets. A Road Map for Strategy and Execution. Harvard Business Press, Boston

Knudsen, T. and Srikanth, K. 2014. Coordinated exploration: organising joint search by multiple specialists to overcome mutual confusion and joint myopia. *Administrative*

- Science Quarterly*, 59, 409–41.
- Kogut, B. and Zander, U. 1996. What firms do? Coordination, identity, and learning. *Organisation Science*, 7(5), 502–18.
- Kumar, S. and Corbridge, S. 2002, Programmed to fail? Development projects and the politics of participation. *Journal of Development Studies*, 39(2) 73-103
- Lawrence, P.R. and Lorsch, J.W. 1967. Differentiation and integration in complex organisations. *Administrative Science Quarterly*, 12, 1–47.
- Levy, B. 2014. *Working with the Grain: Integrating Governance and Growth in Development Strategies*. New York: Oxford University Press.
- Libecap, G.D. 1989. *Contracting for Property Rights. Political Economy of Institutions and Decisions*. New York: Cambridge University Press.
- Macneil, R. 1978, Contracts: adjustments of long-term economic relations under classical, neoclassical, and relational contract law. *Northwestern University Law Review*, 72, 854–906.
- Mair, J., Marti, I. and Ventresca, M.J. 2012. Building inclusive markets in rural Bangladesh: how intermediaries work institutional voids. *Academy of Management Journal*, 55(4), 819–50.
- Majchrzak, A., Sirkka, L.J. and Hollingshead, A.B. 2007. Coordinating expertise among emergent groups responding to disasters. *Organisation Science*, 18, 147–61.
- McDermott, G.A., Corredoira, R.A. and Kruse, G. 2009. Public-private institutions as catalysts of upgrading in emerging market societies. *Academy of Management Journal*, 52(6), 1270–96.
- Milgrom, P. and Roberts, J. 1990. Complementarities and fit: strategy, structure, and

- organisational change in manufacturing. *Journal of Accounting & Economics*, 19 (2/3), 179-208.
- Moyo, D. 2009. *Dead Aid: Why Aid is Not Working and How There is a Better Way for Africa*. London : Allen Lane.
- Naim, M. 2007. Rogue aid. *Foreign Policy*, 159, 95–6.
- North, D. 1990. *Institutions, Institutional Change, and Economic Performance*. Cambridge: Cambridge University Press.
- North, D.C. and Weingast, B.R. 1989. Constitutions and commitment: the evolution of institutions governing public choice in seventeenth/century England. *Journal of Economic History*, 49(4), 803–32.
- North, D.C., Wallis, J. and Weingast, B. 2009. *Violence and Social Order: A Conceptual Framework for Interpreting Recorded Human History*. Cambridge: Cambridge University Press.
- Olson, M. 1965. *The Logic of Collective Action.: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.
- Osmani, S. 2008 Participatory governance: an overview of issues and evidence, 1-48 pps In *Participatory Governance and the Millennium Development Goals (MDGs)*. Publication based on the Expert Group Meeting on Engaged Governance: Citizen Participation in the Implementation of the Developmental Goals including the Millennium Development Goals (MDGs) 1-2 November 2006, New York: United Nations.
- Ostrom, E. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press.
- Perrow, C. 1986. *Complex Organisations: A Critical Essay*, 3rd edn. New York: Random House.
- Platteau, J.P. and Abraham, A. 2002. Participatory development in the presence of endogenous community imperfections. *Journal of Development Studies*, 39(2) 104-136.

- Puranam, P., Alexy, O. and Reitzig, M. 2014. What's 'new' about new forms of organising? *Academy of Management Review*, 39(2), 162–80.
- Rigon, A. 2014. Building local governance: participation and elite capture in slum-upgrading in Kenya. *Development and Change*, 45, 257–83.
- Rothaermel, F.T. and Boeker, W. 2008. Old technology meets new technology: complementarities, similarities, and alliance formation. *Strategic Management Journal*, 29(1), 47–77.
- Scheinberg, A., Simpson, M.H., Gupta, Y. et al. 2010. *Economic Aspects of the Informal Sector in Solid Waste*. Eschborn, Germany: German Technical Cooperation (GTZ).
- Scott, W.R. 1981. *Organisations: Rational, Natural, and Open Systems*. Englewood Cliffs, NJ: Prentice Hall.
- Siggelkow, N. 2002. Misperceiving interactions among complements and substitutes: organisational consequences. *Management Science*, 48(7), 900-916.
- Siggelkow, N. 2007. Persuasion with case studies. *Academy of Management Journal*, 50(1), 20–4.
- Simon, H.A. 1962. The architecture of complexity. *Proceedings of the American Philosophical Society*, 156, 467–82.
- Sims, D. 2010. *Understanding Cairo: The Logic of a City Out of Control*. Cairo: American University in Cairo Press.
- Sims, D. 2015. *Egypt's Desert Dreams. Development or Disaster?* Cairo: American University in Cairo Press.
- Smith, W.K. and Tushman, M.L. 2005. Managing strategic contradictions: a top management model for managing innovation streams. *Organisation Science*, 16(5), 522–36.

- Tan-Mullins, M., Mohan, G. and Power, M. 2010. Redefining 'aid' in the China–Africa context. *Development and Change*, 41, 857–81.
- Thompson, J.D. 1967. *Organisations in Action*. New York: McGraw-Hill. UN. 2017. *World Population Prospects: The 2017 Revision*. New York: Department of Economic and Social Affairs, Population Division, United Nations.
- UN. 2018. *The United Nations World Water Development Report*. UN-Water.
- UN-Habitat. 2008. *State of the World's Cities 2008/2009 Harmonious Cities*. London: Earthscan.
- Van de Ven, A.H., Ganco, M. and Hinings, C.R. 2013. Returning to the frontier of contingency theory of organisational and institutional designs. *The Academy of Management Annals*, 7(1), 393–440.
- Wilson, D.C., Velis and C. Cheeseman. 2006. Role of informal sector recycling in waste management in developing countries. *Habitat International*, 30, 797–808.
- Williamson, O.E. 1979. Transaction-cost economics: the governance of contractual relations. *Journal of Law and Economics*, 22(2), 233–61.
- Williamson, O.E. 1985. *The Economic Institutions of Capitalism*. New York: Free Press.
- Zuckerman, Ezra A. 2010. Speaking with one voice: a 'Stanford School' approach to organisational hierarchy. In Claudia Bird Schoonhoven and Frank Dobbin (eds), *Stanford's Organisation Theory Renaissance, 1970–2000* (Research in the Sociology of Organisations), Vol. 28. Bingley, UK: Emerald Group Publishing, pp. 289–307.