

Understanding Institutional Theory in Public Policy

Rifat Mahmud*

Lecturer, Department of Public Administration, University of Barisal, Barisal 8200, Bangladesh
**Currently on Study Leave; Masters in Philosophy, Department of Administration and Organization*
Theory, University of Bergen, Bergen, Norway
Email id: rifat.89@hotmail.com

Received: March 31, 2017; Accepted: June 05, 2017

ABSTRACT

One of the most important theoretical explanations to analyse public policy is the institutional theory. The main goal of this paper is to analyse how institutional theory helps to understand the two most important stages in policy cycle in a government setting, which are agenda setting and policy implementation. The purpose of this paper is to shed light on how the various institutions including the government itself play their role in public policy making process especially in agenda-setting stage and in policy implementation. Methodologically, the paper is a content analysis involving literature review of vast secondary materials on the books, journals and websites regarding public policy process and institutional theory which has been used, interpreted and reinterpreted to validate the arguments. The finding of the study is that there is always the tendency of the executive part of the government to maximise their benefits from any policy which the main argument of rational choice institutionalism (RCI). However, in order to ensure that policies are formulated for public consumption keeping in mind the sociological need and for implementation to be effective through proper use of public resources there is the need of taking into account the sociological institutionalism perspective of policy in the policy cycle. The study adds a new value by finding out that the government in developing and developed countries does inherently depend upon institutionalism to formulate and implement the policies to ensure its commitment for an effective policy.

Keywords: Agenda-Setting, Bureaucrats, Institutionalism, Implementation, Policy

INTRODUCTION

The central claim of institutional theory or institutionalism is that whether institutions matter in public policy process or not and over the years it has been seen that the institutions do matter in policy process and the main concern is how it matters. 'From institutional perspective policymaking can be observed as a process which is guided along previously beaten tracks by institutional structure – a process in which individual choices are influenced by structures rather

than outcome' (Hendriks, 1999, p. 67). The focus of institutional theory goes deeper into the various structures of the society and sees how rules, norms and values become the pathway for social behaviour. Institutional theory focuses on institution and how they matter in policymaking, so the most general way of explaining how institutions affect policy output is by seeing how the institutions (explained through various trends) empower and constrain actors in policymaking (March and Olsen, 2008, p. 3).

There are four main stages of policy cycle involving agenda-setting stage; policy formulation or adoption; policy implementation and policy evaluation (Knill and Tosun, 2012, p. 9). For any problem to be solved, it is important that it is identified explicitly and placed in the formal agenda of the legal policy actors (agenda-setting stage) and to be put into effect in accordance to what it was expected (implementation stage). This prompted the study to look into the agenda-setting stage and policy implementation stage as understanding the trends of institutional theory which would help to analyse the policymaking process in a better way. Institutional theory claims that institutions matter in policy process as policymaking process is almost inherently invaded in the institutional framework of a state which is why institutional theory can be best considered as the best theoretical understanding to be applied in policymaking process.

THEORETICAL UNDERSTANDINGS

Institutional theory or institutionalism signifies the role of institutions which constrains and empowers human behaviour. There is no one single way of defining institutions and various institutional approaches define institutions in their respective way (Knill and Tosun, 2012, p. 76). One way of conceiving them as set of legal rules that can be enforced by state actors – they are the 'rules of political game' (North, 1990; Immergut 1992, cited in Knill and Tosun, 2012). This definition is different from sociological perspective which understands institutions as incorporation of informal cultural practices as well as formal rules (Hall and Taylor, 1996, cited in Knill and Tosun, 2012). Institutions can be understood as structures having values, norms and customs and is not governed centrally but by values of organisation.

Paradigm Shift: Road from Old Institutionalism to New Institutionalism in Policy Approach

There are two dominant approaches or trends in institutional theory (institutionalism), which are 'old institutionalism' and 'new institutionalism'. The study of political science and public administration in the late 19th and early 20th century started identifying the formal institutions of government. Identification of formal-legal and administrative setup in the government and public sector was given importance rather than on explanation or in the cumulative theory building (Bell, 2002, p. 4). The old or the classical approach intends that apart from economic and social condition, the functioning of the state also depends on the design and effectiveness of political institutions (March and Olsen, 1984, p. 734, cited in Knill and Tosun, 2012). After the First World War, period of old institutionalism, formation of formal institutions, such as constitution,

was given importance. However, various social and economic problems, such as the Great Depression in 1930s, caused policies initiated to be ineffective.

However, after the Second World War, with creation of new countries and organisations such as the United Nations (UN), there was a major shift in the school of thoughts in political science. The focus of formal state organisations and rule-based organisational form was shifted to a more society-oriented organisational form. As the social, economic and political institutions became larger various problems, such as unemployment rose up. This caused policy makers to go beyond formal institutional structures, making way for 'new institutionalism', which focuses on the distribution of power and collective action involving informal relationship. 'New institutionalism as a specific school of thought was initiated by two political academic scholars' (March and Olsen, 1984). New institutionalism recognises that institutions operate in an environment consisting of various other institutions in the society. Such as the 'judiciary' (legal institution) looks whether the Parliament (legislative institution) is formulating policies in accordance with the constitutional requirement. The Parliament also being a watchdog body oversees whether the executive part of the government (administrative institutions such as ministries) is operating in the legal manner which the parliament designated through legislation. Due to change in behavioural perspective in the way how social and political institutions acts, three different approaches of new institutionalism appeared and all seek to explain that institutions play an important role in determining social and political outcome (Hall and Taylor, 1996, p. 936).

The approaches are (1) historical institutionalism (2) rational choice institutionalism and (3) sociological institutionalism.

Historical Institutionalism

Historical institutionalism argues that functioning of the polity, politics and policy of a state very much depends on the historical evolution of the state. Proponents of historical institutionalism such as Karl Polanyi, Theda Skocpol and Philippe C. Schmitter stated that historical foundation matters in constructing blocks of society as whatever political events occur within historical context has direct impact in various decision-making process of the country.

Rational Choice Institutionalism

RCI analyses how the institutions emerge and how they affect behaviour and social outcome of a country. Hall and Taylor (1996, p. 945) regard RCI where individuals acting to maximise their utility in ways that would cause suboptimal outcome, as according to RCI institutions provide expectations to an actor about behaviour of others. According to March and Olsen (1989, 2008), RCI is based on 'logic of consequentialism' which means that 'rational actors engage in strategic interaction using their resources to maximise their utilities' (Knill and Tosun, 2012, p. 91). The main theme of RCI is that policymakers take rational decisions based on the

insights of the consequences of alternatives and select the best options or alternatives that would lead to maximise the goals by changing and shaping institutional environment.

Sociological Institutionalism

‘Philip Selznick’s study of the Tennessee Valley Authority titled “TVA and the Grass Roots; A Study in the Sociology of Formal Organization” (1949)’ was a pioneering step in sociological institutionalism perspective (Selznick, 1948, 1949, cited in Thoenig, 2011). According to Hall and Taylor (1996, p. 947), the sociological institutions go beyond formal rules and regulations and takes into account the moral factors in shaping individual behaviour to solve problems. It states that individuals act within context and the context is socially constructed. Logic of appropriateness guides the sociological institutionalism (March and Olsen, 1996, p. 252, cited in Knill and Tosun, 2012) which means individuals make their decisions and choices according to what they think is socially appropriate. Sociological institutionalism states that institutions are created not only to improve the efficiency in solving problems but also to enhance social legitimacy to accommodate patterns of behaviour. This leads sociological institutionalism to construct institutional isomorphism (Knill and Tosun, 2012, p. 80) which argues that legitimacy is the main force of an organisation rather than functional efficiency and according to DiMaggio and Powell (1991), there are three types of pressures – coercive, mimetic and normative which causes organisations to be involved in institutional isomorphism.

All the institutional theory approaches claim that institutions play pivotal role in decision-making irrespective of whether the institutions are historically shaped or socially regulated or acting as a maximising entity. Through policy initiation, various decisions are made, thus it is important to understand the policy cycle stages which would consequently help to analyse that institutional theory augments the policymaking process.

POLICY CYCLE STAGE

The policy process involves various stages which are accommodated into a model called policy cycle. The cycle is initiated with identification of problem and placing in the formal agenda of government. From the list of agenda of the government, policy proposals are formulated and from the proposals one, two or none are adopted by the policymakers having formal legal authority. After decisions are taken, policy would be implemented according to various strategies and instruments initiated in the formulation or adoption stage and finally, the outcomes are evaluated. The policy cycle is described below focusing on agenda-setting stage and policy implementation stage.

Agenda-Setting Stage

This is the first and most important stage of the policy cycle, involved in the way problems emerge, which needs government attention (Howlett *et al.*, 2009, p. 92). This stage has a pivotal impact on other stages because if the right issue is not addressed then to whatever

extent the other processes are carried out efficiently it will not lead to solution of the actual problem which the public policy aims at. This stage involves two parts (1) problem definition and (2) agenda setting.

Problem definition involves formulating the issues and portraying it to public and making sure that the issues are perceived as important problems. The societal issue or the problem must be turned into political problem as public policy is political process so without political intervention no problem can be solved. For the societal problem to be turned into political problem certain prerequisites are there: (1) the issue must receive public attention involving large number of people and (2) the issue must be characterised by conflict.

Portraying a social problem into political problem is not enough for the issue to be solved as all political problems cannot be accommodated so the issues need to be in the formal agenda of the government. The formal or institutional agenda narrows down the societal and political problem which has high level of framing of causality (involves identifying explicitly which factors or actors have led to the problem) and severity (involves the perceived notion of how serious and significant the issue and its consequences are). There is a need of specific and definite solutions to expand the severity from the initiators and frame the incidence (involves showing that there is actual existence of the problem by referring to as whom and how many would be affected) with high proximity (an issue which directly or indirectly affects the interest of larger number of people) and causality and if the political decision makers are satisfied then it enters into formal agenda.

Policy Adoption or Formulation Stage

Policy proposal is mostly formulated by the executives in parliamentary democracy involving the cabinet and the ministerial bureaucracy. The members of the cabinet usually play the crucial role in putting the problems in the formal agenda of the government. However, it is the ministerial bureaucracy that helps to formulate policy proposals on the preferences of the various actors. The adoption stage is very important as in this stage the ministerial bureaucrats use the existing institution to maximise their interest, which is explained in the RCI where the important actors tend to maximise their utility and thus may deviate from actual problem being addressed. After it is passed on the cabinet along with changes from parliamentary committees, it is passed in the parliament and is formally adopted.

Policy Implementation Stage

After policy is adopted, it must be implemented to bring about the behavioural changes by the policymakers. Policy implementation is the stage where the government (bureaucracy) executes an adopted policy as specified in the policy action. The ministerial bureaucracy plays main role in the agenda-setting stage as they usually have the access to various information and financial resources. In the implementation stage, it is the field level bureaucracy involving the various attached departments and the directorates which are mostly involved in putting into effect the policies.

ANALYTICAL PERSPECTIVE OF POLICY IMPLEMENTATION

The implementation of policies very much depends on the capacity of the actors and institutions involved. Various challenges such as changes in rules, structural arrangements or inadequate budget provisions may come up while carrying out the policies. So, perfect implementation may not always be possible. The extent to which the actors and institutions are efficient in maximising the difference between total benefit and total cost of a policy is important in achieving the policy goal. There are various models of implementation keeping in mind of the problems faced, which are discussed below:

Linear Model

The linear model states that once a policy is formulated it would be implemented. It also states that once a 'rational choice' of action is taken it would be implemented whether it is successful or not (Thomas and Grindle, 1990, p. 1162). The model is very much used in developing countries as the policies are usually donor driven and donors focus on rational formulation of policy rather than on the actual feasibility of putting those into effect. The model claims that good decision-making leads to good end result which may be debated as institutions or actors involved in the policy cycle or may not always have the capacity to implement high-configured policy.

Interactive Model

The interactive model (Thomas and Grindle, 1990, p. 1166) states that actual outcome of a policy is visible as implementation proceeds. This model views that there may be various groups who would come up with their issues during implementation which may need to be accommodated depending upon the degree of pressure it creates and the severity of the issue. If the pressure is directly on decision makers, the possibility of accommodating the changes increases as pressurising at the implementation level would be ineffective as instructions are delegated from the decision makers. Efficient capacity of the institutions and the actors are required for implementation. This model states that agencies must have financial, managerial, technical and political resources to accommodate those changes.

Top-Down Model

The top-down model starts with a policy decision which is determined by the top level government officials including ministerial and political executives and asks to what extent the objectives has been achieved. This model was proposed by Pressman and Wildavsky (1973) stating that policy process corresponds to rational choice theory where the individual actors or stakeholders try to maximise their utility or goal and thus there is high possibility that intended goal may not be achieved as it requires high level of coordination which is difficult to achieve. The top-down model is also sketched by Sabatier and Mazmanian (1980) where they gave certain stages for implementation from top to down activities, such as

- Clear and consistent objective for the implementers
- Adequate causal theory cause and effect to be effectively outlined
- Implementation process is legally structured
- Committed and skilful implementing officials
- Support of interest groups

Bottom-Up Model

The approach starts by identifying the network of actors involved in service delivery and asks the local people about their strategies. The model calls for delegating more discretionary authority to the field level bureaucracy as they are the closest to the people and plays the pivotal role in implementing the policies.

Hybrid Model

The model integrates elements of the ‘top-down’ and ‘bottom-up’ approach. Matland’s (1995) hybrid model analyses the level of ambiguity and conflict to determine which approach is appropriate (Knill and Tosun, 2012, p. 157). The blending of the policy ambiguity (lack of clarity of goals) and policy conflict (variation from expected outcome to actual one) and labelling them as high or low gives four policy implementation process.

- a) Administrative implementation: Low ambiguity → low conflict → top-down model reflection
- b) Political implementation: Low ambiguity → high conflict → actors have clarity in goals → top-down model followed
- c) Experimental implementation: High ambiguity → low conflict → policy depends on field level bureaucrats → builds on bottom-up approach
- d) Symbolic implementation: High ambiguity → high conflict → context identifies which actor has more power → bottom-up approach

ANALYSIS AND DISCUSSION: BLENDING OF INSTITUTIONALISM AND POLICY STAGES

Old Institutionalism: Agenda-Setting and Policy Implementation Stage of Post-First World War

Institutional theory is not a contemporary concept with various aged old scholars portrayed the importance of institution in politics of a state shaping the attitude of those in polity, politics and policy. Scholars such as Aristotle through his study of ‘Politics’ analysed that political behaviour, incentives and culture is shaped by the polity, structure and institutions of the state (Steinmo, 2008).¹ The era of ‘old institutionalism’ mainly took off in the early 20th century where the

¹Accessed 11 May 2017. [http://www.dfpe.net/uploads/5/3/9/8/53982981/steinmo_sven_-_what_is_historical_institutionalism.pdf]

proponents tried to strengthen the formal-legal and administrative setup in the government setting. During that time, building formal institutions such as constitution was given importance. Kaiser Wilhelm II, the last German Emperor whose reign was from 1888 to 1918, used the constitution to increase his personal power within the monarchical and militaristic structures (Rohl, 2004). His lack of alliance and authoritarian rule led to the First World War. After the fall of Kaiser, Germany had the formal agenda to formulate constitution which would lead to an exemplary democratic state. The cabinet (President, Chancellor and ministers), who are the most obvious nation builders allows them to place the issue in formal agenda of government (Knill and Tosun, 2012, p. 113). For the case of Germany, also known as Weimar Republic, the Cabinet headed by the Chancellor was also mainly involved in prioritising the various issues including the formation of constitution.² For policy implementation, it was very much rule bound with the characteristics of institutionalised bargaining (Abraham, 1986).

The rule bound and descriptive institutional arrangements caused bureaucracy to be involved in agenda setting and in policy implementation. This old institutional arrangement of the bureaucracy allowed them to be involved in planning, direction and control of economic undertakings (Abraham, 1986). This kind of institutional link caused crisis due to inability to organise the interest of the dominant class, despite the class being promoted, because of increase in cost and thus there was failure in ensuring safeguard of the social relation. The failure of old institutionalism in meeting various problems was because of political failure to address the needs in the formal agenda of the government. The then incumbent government headed by the Chancellor, Heinrich A.M.E. Brüning (1930-1932), deliberately initiated deflationary economic policy which led to the rise of taxes and decrease in public expenditure which aggregated the problems faced because of the 'Great Depression of 1930s'. The government failed to be effective due to failure of policy initiation and implementation in incorporating societal orientation.

The old or the classic institutionalism to political institution suggests that policymaking depends on two types of democracy – majoritarian and consensus democracy (Lijphart, 1999, cited Knill and Tosun, 2012, p. 77). Concentration of power with top-down process of implementation of the policies with two major parties involves the majoritarian democratic system. Whereas the consensus democracy involves proportional electoral system and a coalition form of government. The 'Weimar Constitution'³ gave provision of pure form of proportional representation (Myerson, 2004, p. 6) representing a **consensus** democracy. The legislature, *Reichstag*, was composed of many political parties. However, the political institution of 'Weimar Republic'⁴ reflected majoritarian form of democracy as in decision-making procedure, the system of **majority** rule applied (Aleskerov *et al.*, 1986, p. 5)⁵ and the President had ultimate power to sack or appoint

²Accessed 25 November 2016. [http://www.yadvashem.org/odot_pdf/Microsoft%20Word%20-%207794.pdf]

³Weimar Constitution made way for establishing functional democracy as before the First World War, Germany had not been democratic as rule of Kaiser Wilhelm II involved dictatorship.

⁴Weimar Republic involved a government which believed in the voting power of the common people and believed that people had the right to choose and change their ruler.

⁵Accessed 26 November 2015. [http://www.lse.ac.uk/CPNSS/research/projectsCurrentlyOnHold/VPP/VPPpdf/VPPpdf_Symposium2011/Aleskerov.pdf]

the Chancellor at any time. This shows that the polity of the Weimer Republic reflects the political institutional design of the classical institutionalism.

However, the old institutionalism has not been extinct, as another important analysis of classical or old institutionalism is represented by Francis G. Castles (1998, cited in Knill and Tosun, 2012, p. 77) where the variation in policy is discussed through accommodation of political-institutional variables and socio-economic indicators. This means that particular group of countries having some similar characteristics differ in their policymaking which is very much visible nowadays also. Countries like Australia, the United Kingdom and the United States have same lingual characteristics are mainly involved in policies which promote the use of private management technique like the New Public Management (NPM). Whereas, Scandinavian countries have similar socio-economic indicators, such as Denmark, Norway and Finland have redistributive policy unlike that of the United States. Such as for the higher education policies, the policy initiators have differences in their agenda setting where Scandinavian countries has no real tuition fee whereas the United Kingdom, the United States and Australian agenda setters prefer high tuition fee.

New Institutionalism in Policy Cycle: Incorporating the Three Approaches to Agenda-Setting and Implementation Stage

Like the classical approach, the new institutionalism also emphasises that institutions do matter public policy and how they affect is understood next.

Historical Institutionalism: Approach to Agenda-Setting and Implementation Stage

This approach states that historical context matters in the way policies are initiated and implemented. Historical institutionalism define institution as formal or informal procedure, norms and conventions present in the organisational structure of the polity over the years, such as constitutional provision (Hall and Taylor, 1996, p. 938). The constitutional amendment pattern of Bangladesh best describes that policies initiated, that is, issues taken in the formal agenda of the government, are derived from the historical background which the constitution has. The Constitution (Sixteenth Amendment) Bill passed by the Parliament on 17 September, 2014 is one of the debatable one just like the Constitution (Fourth Amendment) Act of January 1975 which has failed to reflect comparative constitutional studies. Bangladesh Parliament in 2014, unanimously passed the Constitution (Sixteenth Amendment) Bill, empowering itself to remove Supreme Court judges on the grounds of misbehaviour and incapacity, rejecting all calls for soliciting public opinion and bringing some changes to bill. Just like the Constitution (Fourth Amendment) Act, the parliament amended the constitution and tried to establish the supremacy over the other branch of government, that is, the judiciary. Historically, the policy implementation process of Bangladesh involves the **top-down model** as Bangladesh bears a colonial legacy in the entire public administration system (Jahan, 2006, p. 1). The tendency to concentrate power at central bureaucracy is a legacy from the colonial past that still exists. The top hierarchy of the central bureaucracy (ministries) being the regulator of various policies concentrates the decision-

making power on all the matters and the field level bureaucracy (various attached departments and directorates of the ministries) is just a mere implementing body in accordance with the instruction which the top-down model states.

In Scandinavian countries such as in Norway, the public administration is very much historically built and they will unlikely give up their historically developed generous social democratic model (Knill and Tosun, 2012, p. 82). In terms of policy initiation and implementation, it is observed that Norway, since its independence, is a country with shared norms and values with hierarchical political administrative system. The cabinet has strong collegial features with policies being initiated in accordance with consensus and team work. The pattern of policy implementation very much follows the Thomas and Grindle's incremental model where there is reluctance of taking new policies overnight but rather in 'piece-meal' effort and in gradual manner. Such as in 1992, there was the wind of structural restructuring and push for techniques such as NPM and supermarket state model; however, the social democratic parties were very much reluctant to move away from the redistributive policy ideology it has and the initiatives taken were also implemented in piece-meal approach. Norway still concentrated on hierarchical structure and a reluctant reformer (Christensen and Laegreid, 1998) with policies being initiated and adopts in accordance with the egalitarian traditional norms and values which it bears.

Rational Choice Institutionalism: Approach to Agenda-Setting and Implementation Stage

This approach states that actors use the institutions to maximise their demands. In agenda-setting stage, it is seen that more issues are framed with causality, severity and proximity the opportunity of the issue to go into the formal agenda increases. The RCI states that political actors having the legal authority for policy initiation uses the institutional setting to have fixed set of preferences. Such as in developing countries like Bangladesh, the ministerial bureaucrats, due to their expertise in professional skills, along with their control over information and financial resources they tend to bypass the political actors in policy initiation and implementation which has caused balance of power to be shifted towards the bureaucrats rather than on the political actors. The elitism in the bureaucratic culture have led to the emphasis on powerful, even authoritarian, administrators in maximising their own demands improving the expertise that would positively affect the policy formulation and implementation. However, the cabinet of the Government of Bangladesh in July 2015 approved in principle the draft of the Public Service Act of 2015 (Bangladesh Awami League 2015)⁶. Through the act, the political actors can appoint suitable experts such as leading local think tanks, universities and recognised civil society members for technical assistance, besides the bureaucrats, from outside the legal framework of policymaking process which may lead to transparent and efficient procedure in the policy formulation.

⁶Accessed 25 November 2015. [<http://www.albd.org/index.php/en/updates/news/2685-cabinet-approves-the-draft-of-public-service-act-2015>]

The **linear model** of policy implementation is very much relevant with the RCI as the model focuses on the rational decisions and emphasises that it is up to the capacity of the institutions that determines the extent to which a policy would be successful or not. It does not look at the feasibility of the societal, financial and managerial capacity, **unlike incremental model**, of the institutions and only looks for self-maximisation. The donor driven policies are very much implemented in accordance with rational model as just like RCI which emphasises on the rational decisions that would maximise individual interests. The donors while being involved in the agenda-setting stage try to incorporate their interest such as emphasising on the reduction of governmental subsidy. However, in developing countries like Bangladesh, the reduction in government spending and subsidies would cause economic burden to be shifted to the mass people and there would be a negative impact on the aggregate demand which may act as a constrain for the economic growth in the country.

Sociological Institutionalism: Approach to Agenda-Setting and Implementation Stage

Sociological institutionalism states that actors are subjective and works within the societal context, guided by **logic of appropriateness**. Such as ‘eve-teasing’ is social menace in Bangladesh. The government framed rising acts of ‘eve-teasing’ with causality and incidence and brought changes in the policies and rules by empowering executive mobile courts to prosecute those accused of sexual harassing women (BBC News, 2010).⁷ The government in its formal institutional agenda accommodated that any kind of eve-teasing even if it is not physical harassment would be considered as sexual harassment, where before only physical harassment was considered. Now, any verbal provocation or vulgar gestures would be considered as sexual harassment. This shows that policy actors thought that this was an appropriate decision as women gets mentally tortured thus the social context caused them to initiate the changes in the formal agenda of the government which the sociological intuitionism calls for. Sociological institutionalism states that institutions follow other institution not to improve efficiency but to gain social legitimacy causing institutional isomorphism. Various types of pressure isomorphism takes place. Coercive isomorphism takes place when organisation is dependent on other, especially, financially and have to implement those policies that are directed. The International Monetary Fund (IMF) provided loan amounting of about \$1 billion to Bangladesh as budgetary support, highest to any developing countries, in 2012. However, it gave some rigid conditions such as reduction of subsidy in the energy and agricultural sector and increase in Value Added Tax (VAT) (Social Watch).⁸ The government implemented those policies through linear approach, as these are donor driven decision, it was thought to be very much rational decision which was also echoed in the voice of the finance minister, A.M.A. Muhith, in Bangladesh where he said that in order to improve the balance of payment all these were done (Bdnews24.com 2010)⁹ and not on any pressure. This was mainly done to get legitimacy or support from the development

⁷Accessed 11 May 2017. [<http://www.bbc.com/news/world-south-asia-11728027>]

⁸Accessed 25 November 2015. [<http://www.socialwatch.org/node/14901>]

⁹Accessed 25 November 2015. [<http://bdnews24.com/bangladesh/2010/12/15/imf-to-provide-1bn-loan>]

organisation as in order to initiate policies and to get the legitimacy one need allies which the development agencies can provide. However, the aftermath outcome or the feasibility is rarely concerned as this caused rise in the price hike of fuel causing transport fare to increase and transaction cost increased leading to inflation.

The sociological institutionalism of agenda setting can also be understood through analytical approach of John Kingdon's Policy Window (1984). Here, it was said that interaction of three issues stream of problem (perception of the issue to be identified as problem); policy (examining problem and giving alternatives) and politics (willingness of the politicians) can open an opportunity for an issue to be in the formal agenda of government. Such as for the initiation of banning public smoking, the problem stream can be done by framing the causality and incidence about how smoking is really affecting large number of people including young people and workforces. The policy stream would involve various non-government organisations (NGOs) to provide various policy options for punitive actions such as fines or increase in price of cigarettes. The politics stream would involve that the political people are willing to solve this social problem as addressing this issue is an important social context for the actors to work upon. The combination of the three streams would allow such issues to be put into institutional agenda of government.

CONCLUSION

The importance of institutional theory in understanding policy process cannot be denied by any means. The policy process will not proceed without the action of the institutions of the government which institutionalism argues for. The actors involved in institutions also play an important role in shaping the institutions as actors' action reflects the outcome from the institutions. There is need of combination of various institutionalisms in the agenda-setting stage and in policy implantation as every institutionalism has distinct meaning of institutions and own means of solving the issues. However, it is important to consider that solving the needs of the people is the collective goal of institutionalism in policy process thus addressing the social need should be the formal agenda of political and administrative decision makers and implementation must follow the model that would solve the actual need rather than individual or political need.

REFERENCES

- Abraham D, 1986. *The collapse of the Weimar Republic: Political economy and crisis*. New York: Holmes and Meier Publishers.
- Aleskerov F, Holler MJ and Kamalova R, 2014. Power distribution in the Weimar Reichstag in 1919 1933. *Annals of Operations Research*, Vol. 215, No. 1, pp. 25 37. Accessed 28 November 2015. [http://www.lse.ac.uk/CPNSS/research/projectsCurrentlyOnHold/VPP/VPPpdf/VPPpdf_Symposium2011/Aleskerov.pdf]
- Bangladesh Awami League, 2015. Cabinet approves the Draft of Public Service Act – 2015. *Bangladesh Awami League*. 13 July. Accessed 28 November 2016. [<http://www.albd.org/index.php/en/updates/news/2685-cabinet-approves-the-draft-of-public-service-act-2015>]

- BBC News, 2010. Bangladesh empowers mobile courts to stop 'Eve teasing'. *BBC News*. November 10. Accessed 12 May 2017. [<http://www.bbc.com/news/world-south-asia-11728027>]
- Bdnews24.com, Bangladesh's First Internet Newspaper, 2010. IMF to provide \$1bn loan. *Bdnews24.com*. 15 December. Accessed 25 November 2015. [<http://bdnews24.com/bangladesh/2010/12/15/imf-to-provide-1bn-loan>]
- Bell S, 2002. Institutionalism: Old and new. Accessed 25 November 2016 [https://espace.library.uq.edu.au/data/UQ_9699/Institutionalism.pdf?Expires=1494420754&Signature=LS2cLZ3r~NVdn1MgkythofLdfgDLHhW8fbnumz4ZaIBQA1-d1U84e8As3VpbOT9hBdt-zlO9uj6FowYCEm]
- Castles FG 1998. The really big trade-off: Home ownership and the welfare state in the new world and the old. *Acta politica*, Vol. 33, pp.5-19.
- Christensen T and Laegreid P, 1998. Administrative reform policy: The case of Norway. *International Review of Administrative Sciences*, Vol. 64, pp. 457 475.
- DiMaggio PJ and Powell WW, 1991. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. In Powell WW, DiMaggio PJ, eds. *The New Institutionalism in Organizational Analysis*. University of Chicago Press, Chicago, IL.
- Hall PA and Taylor RCR, 1996. Political science and the three new institutionalisms. *Political Studies*, Vol. XLIV, pp. 936 957. Accessed 26 November 2015. [<http://www.la.utexas.edu/users/chenry/core/Course%20Materials/Hall&TaylorPolStuds/9705162186.pdf>].
- Hendriks F, 1999. Public policy and political institutions: The role of culture in traffic policy. USA: Edward Elgar publishing Inc.
- Howlett M, Ramesh M and Perl A, 2009. Studying public policy: Policy cycles and policy subsystems. Canada: Oxford University Press.
- Immergut EM, 1992. Health politics: interests and institutions in Western Europe. CUP Archive.
- Jahan F, 2006. Public administration in Bangladesh. *Centre for Governance Studies*, Vol. 1, pp. 1 26.
- Kingdon JW, 1984. Agendas, alternatives and public policies. Boston: Little Brown and Company.
- Knill C and Tosun J, 2012. Public policy: A new introduction. UK: Macmillan Publishers.
- Lijphart A, 1999. Australian democracy: modifying majoritarianism? *Australian Journal of Political Science*, Vol. 34, No. 3, pp. 313-326.
- March JG and Olsen JP, 1984. The new institutionalism: Organizational factors in political life. *American Political Science Review*, Vol. 78, No. 3, pp. 734-749. Accessed 30 November 2015. [<http://homepages.wmich.edu/~plambert/comp/march-olson.pdf>]
- March JG and Olsen JP, 1989. Rediscovering institutions: The organizational basis of politics. New York: Free Press. Accessed 24 November 2015. [<http://homepages.wmich.edu/~plambert/comp/march-olson.pdf>]
- March JG and Olsen JP, 1996. Institutional perspectives on political institutions. *Governance*, Vol. 9, No. 3, pp. 247-264.
- March JG and Olsen JP, 2008. Elaborating the 'New Institutionalism'. In Rhodes RAW, Binder SA, Rockman BA, eds. *The Oxford handbook of political institutions*. Oxford: Oxford University Press.
- Matland RE, 1995. Synthesizing the implementation literature: The ambiguity-conflict model of policy implementation. *Journal of Public Administration Research and Theory*, Vol. 5, No. 2, pp. 145 174.

- Myerson RB, 2004. Political economics and the Weimar disaster. Accessed 29 November 2016. [<http://home.uchicago.edu/rmyerson/research/weimar.pdf>].
- North DC, 1990. Institutions change and economic performance. Cambridge University Press.
- Pressman JL and Wildavsky A, 1973. Implementation: How great expectations in Washington are dashed in Oakland; or, why it's amazing that federal programs work at all, this being a saga of the economic development administration as told by two sympathetic observers who seek to build morals on a foundation. Berkeley: University of California Press.
- Rohl JCG, 2004. Wilhelm II: The Kaiser's personal monarchy, 1888 1900. Cambridge: Cambridge University Press. Accessed 14 May 2017. [<https://books.google.no/books?id=lkqh9UV3yvUC&printsec=frontcover#v=onepage&q&f=false>]
- Sabatier PA and Mazmanian DA, 1980. The implementation of public policy: A framework of analysis. *Policy Studies Journal*, Vol. 8, No. 4, pp. 538 560.
- Selznick P, 1948. Foundations of the theory of organization, *American sociological review*, Vol. 13, No.1, pp. 25-35.
- Selznick P, 1949. *TVA and the grass roots: A study in the sociology of formal organization*, Vol. 3, University of California Press.
- Social Watch Poverty Eradication and Gender Justice, 2012. Bangladesh: IMF loan will increase the burden on the poor, warns EquityBd. *Social Watch*. Accessed 05 December 2016. [<http://www.socialwatch.org/node/14901>].
- Steinmo S, 2008. What is historical institutionalism? Accessed 12 May 2017. [http://www.dfpe.net/uploads/5/3/9/8/53982981/steinmo_sven-what_is_historical_institutionalism.pdf].
- Thoenig J-C, 2011. Institutional theories and public institutions: New agendas and appropriateness. In Peters BG, Pierre J, eds. *The Handbook of Public Administration*. UK: Sage. Accessed 27 November 2016. [<https://hal.archives-ouvertes.fr/halshs-00638348/document>].
- Thomas JW and Grindle MS, 1990. After the decision: Implementing the policy reforms in developing countries. *World Development*, Vol. 18, No. 8, pp. 1163 1181.
- Weimar Republic, Accessed 25 November 2016. [http://www.yadvashem.org/odot_pdf/Microsoft%20Word%20-%207794.pdf].