
Refounding organisational economics: An integration of equality and efficiency

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Résumé

The concept of efficiency is central to the theory and practice of public service reform. If the mainstream literature refers to productive efficiency as the criterion for discriminating between alternative organisational modes, New Public Management reforms have often been adopted in the name of productive efficiency. However, widespread social resistance against water privatisation calls into question the institutional legitimacy of this dominant notion of organisational efficiency. Not only has social resistance emerged in response to concrete experiences with privatisation. It has also been inspired by normative aims that go beyond the extraction of economic value from a technical activity. For example, the human right to water is no less concerned with equality and value distribution than value production. The realisation that productive efficiency might be socially unacceptable is a paradox of New Public Management which opens up new promising opportunities for the evolution of organisational economics – an area of inquiry where intellectual progress has proceeded at an incremental pace since the turn of the century. The Williamsonian tradition of transaction cost economics – centred on internal efficiency as the organisational ability to economise on transaction costs – offers a case in point.

This paper introduces the notion of intrinsic organisational efficiency as a form of organisational meta-efficiency that integrates the production of value from an economic activity and the distribution of value between internal and external, productive and distributive objectives. It does so by integrating the potentials of productive efficiency and distributive efficiency with a view to overcoming the limitations of these bipolar opposites. The case study of the material culture of water remunicipalisation in Paris, France suggests that the pursuit of productive efficiency is not necessarily antithetical to that of distributive efficiency. After experiencing bureaucratic public management and water privatisation, in 2010 the City of Paris appointed a new municipally-owned water provider that has enhanced both productive efficiency and distributive efficiency. This achievement demonstrates the transformative power of the material culture of water remunicipalisation, a power that rests on the following morphogenetic sequence of governance transformation: 1) Axiological transformation (the reinterpretation of organisational efficiency as instrumental to emancipatory outcomes as opposed to profit maximisation); 2) Primordial transformation (the return to public ownership that allows for abandoning the profit maximisation imperative); 3) Teleological transformation (the redirection of agency towards systemic reproduction and progressive redistribution); 4) Performative transformation (the reinvestment of value produced and enhanced achievement of economic, social and environmental development objectives). Inspired by the observation of real-world intrinsic organisational efficiency, the paper shows that applied heterodox microeconomics can contribute to refound organisational economics

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as a moral science of governance transformation premised upon human flourishing and freed of the strictures of task atomisation that are characteristic of transaction cost economics. The financial support of the ISRF is gratefully acknowledged (<http://www.isrf.org/about/fellows-and-projects/emanuele-lobina>).

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