
Capacity Development as the Model for Development Aid Organizations

Stefan Kühl

ABSTRACT

Sociological studies of organizational fashions tend to focus on commercial firms. This article looks at the Capacity Development concept that is globally applied as a model in governmentally supported development assistance organizations. The organizations themselves adopt the concept, asserting that an increase in 'capacities' in developing countries will contribute to a higher success rate for projects. This article argues that a primary function of concepts such as Capacity Development is to meet the legitimacy requirements of development assistance organizations. The more the effectiveness of these organizations is criticized or challenged, the more they feel the need to defend themselves by developing new — and hopefully more effective — concepts.

DEVELOPMENT ASSISTANCE ORGANIZATIONS AND THE DIFFUSION OF ORGANIZATIONAL MODELS

Since at least the 1960s, the classical form of technical and financial development assistance has been subject to increasing criticism. The main focus of this criticism has been the discrepancy between high investments and the sending of thousands of foreign experts to developing countries, on the one hand, and the unimpressive results achieved in the form of sustained development, on the other. There is a growing sense that development should rather be understood as an endogenous process of transformation that must be upheld by the developing countries themselves.

Initially, most criticism came from outside the development assistance organizations, but since the late 1980s it has increasingly also come from within (see Berg, 1993; Morgan and Baser, 1993; UNDP, 1993). Among the major development assistance organizations there seems to be a growing conviction that technical co-operation with local institutions has not sufficiently enabled the developing countries to create their own 'sustainable capacities' (Nair, 2003). The World Bank, which greatly influences development policy, has stated that the practice of development assistance over the

This article is based on an analysis of the relevant literature, which would not have been possible without the strong commitment of Pia Raffler to this research. The comments of the journal's anonymous referees are also gratefully acknowledged.

Development and Change 40(3): 551–577 (2009). © Institute of Social Studies 2009. Published by Blackwell Publishing, 9600 Garsington Road, Oxford OX4 2DQ, UK and 350 Main St., Malden, MA 02148, USA

last four decades has rightly been cast into doubt because the 'sustainable' results that have been achieved are relatively meagre (World Bank, 1998).

The main explanation put forward for these disappointing results is the lack of 'ownership' of development by those concerned. It is argued that actors in developing countries accept development aid as a kind of service in the form of credits, subsidies, expert advice, training programmes, organizational development programmes and so forth, without regarding the problems that are to be solved by development aid as their own (Jaycox, 1993). The World Bank has therefore begun to lead a movement of development aid organizations that take the position (under the heading of 'project ownership') that the efficiency of development aid programmes can only be increased if the recipients truly want to have the programmes in the first place (on the World Bank position, see Rottenburg, 2002: 237).

This is the context in which we must place the concept Capacity Development and its precursors, Institution Building, Institutional Strengthening and Institutional Development, Human Resource Development, New Institutionalism and Capacity Building (Hilderbrand, 2002: 1). While each concept has a different focus, they all aim to transmit to 'people, organizations and societies' the 'capacities' that are required to 'make efficient and effective use of resources' and to 'implement the objectives in an effective and sustainable way' (Lusthaus et al., 1999: 3). Capacity Development is seen here as an endogenous process; the outside can only give support. In this sense, the term Capacity Development Initiative must be understood as the actions of a donor organization aimed at supporting people and local organizations in the effort to extend their own capabilities. In the Capacity Development context, the term 'capacity' refers to all those capabilities that are required to assume responsibility for the development of one's own environment. These may include concrete skills such as operating equipment, technical know-how and manual skills, as well as key competences such as the ability to analyse problems and to develop and pursue strategies for solutions, to establish networks and to adapt to changing situations.

The aim of this article is to provide an in-depth analysis of organizational concepts such as those listed above, which have been prominent in the development co-operation environment since the early 1960s and which became more widespread during the 1990s. The article examines organizational concepts that are mainly diffused via governmental, semi-governmental and supra-national organizations. During the last two decades, research in the field of organizational sociology has increasingly focused on the diffusion of organizational concepts in the business world. Numerous studies have shown that concepts like Total Quality Management, Lean Management, Business Process Re-engineering and Knowledge Management have quickly spread as organizational 'fashions' to businesses around the world via 'transformation belts' such as business journals, consulting firms and applied science (see, for example, Benders and Bijsterfeld, 2000; Strang and Macy, 2001). However, institutions that are publicly financed, such as government ministries

and public administrations, hospitals and universities, appear to be mere followers of these management fashions. The management concepts that have proven their worth in the commercial world enter the public institutions with a delay of two to three years.

This discussion of organizational fashions in development co-operation closely follows the World Polity Approach developed by John W. Meyer and his research team at Stanford University (USA), which tries to explain the global diffusion of concepts like 'good governance', the 'one best way' for administrations and business firms, and ways of political thinking. According to Meyer (1980: 117), the global world culture is so powerful because it is based on a binding and globally shared set of rules that are not due to the dominance of any individual nation, organization or institution, but are the result of the co-operation of various globally active institutions.

This research approach must be distinguished from rationalistic approaches that attempt to explain the diffusion of concepts on the basis of better performance. In that view, concepts are introduced because they bring about demonstrable progress for the organization. For example, Lean Management may be introduced in the automobile industry because it reduces the running times required to produce automobiles, and Capacity Building may be applied because it increases the sustainability of programmes. In the World Polity Approach, however, in which neo-institutional ideas are used in the debate about the global society, the diffusion of concepts is explained not by their higher efficiency but by the attempt by organizations to achieve more legitimacy in their environment by adopting the newest fashion.

This article is based on a study of published and unpublished documents of development agencies, and interviews and workshop discussions with the experts of those agencies. This approach was chosen over the empirical analysis of detailed Capacity Development Projects because the main goal is to reconstruct how a concept has been conceived by development agencies. Several organizational scientists have convincingly shown that the development of such concepts as Capacity Development is only loosely coupled with concrete organizational practice and, therefore, that in-depth analyses have to be based on the discourses surrounding these concepts (see, for example, Brunsson, 1989; Luhmann, 1973).

The data for this article were collected in three stages. In the first stage, published and unpublished documents and the websites of ten major development assistance organizations (both national and transnational) were analysed. In the second stage, I conducted interviews with seven experts on Capacity Development from leading development agencies in Europe, with the aim of reconstructing the organizational and political processes on which the concept is based. Some extracts from these interviews are included here, in anonymized form. In the third stage, a set of interpretations was discussed in two mini-workshops with experts of development assistance organizations, to determine whether they were compatible with observations made by the development assistance organizations. Workshop results were only

used as background information at the end of the empirical stage. The statements of interviewees at this stage are not included in the article because they were strongly influenced by the hypotheses which were the subject of our discussions.

The article is organized as follows. The next section shows how the concepts of strengthening endogenous forces have changed during the last forty years. The hypothesis presented in this section is that ideas of control have been introduced, through the back door, which regard the interlinking of different intervention levels as a path to success. However, no debate has yet taken place about whether such a comprehensive approach contradicts the idea of autonomy that has become increasingly accepted in development co-operation, especially through system theory. The subsequent section then examines how the Capacity Development concept has been diffused throughout the world, particularly through the processes of mimesis (mimetic isomorphism) and the establishment of professional standards (normative isomorphism). As both the concept and its diffusion were strongly influenced by Western development assistance organizations, a 'self-help paradox' arose regarding the responsibility for implementing projects in the developing countries.

The subsequent section deals with the struggles over definitions that are taking place below the surface. Official publications imply that all development assistance organizations have an identical idea of what Capacity Development is. However, as the concept has become more dominant as a model for development co-operation, it has also become more important for the individual organizations to find the 'proper' place for the concept. The final section integrates the debate about Capacity Development into the concept of the learning organization that is propagated particularly by the development assistance organizations. It will show why learning is so difficult in organizations, while at the same time organizations represent their own reforms as part of a learning process.

PERMANENT CONCEPT RENEWAL

During the 1950s, a number of development approaches emerged (under the heading of 'help for self-help') that were intended to establish capacities in the developing countries for the implementation of extensive development programmes. At that time, development organizations initiated Institution Building programmes whose aim was to establish public institutions which would implement the investment programmes of major development aid organizations. The idea was to emulate the success that had been achieved with the Marshall Plan in Europe, imagining that it would be possible to achieve the same results in developing countries with the help of efficient public institutions.

During the 1960s, this self-help concept was replaced by Institution Development programmes in which the main emphasis was no longer on the build-up of public institutions but on the strengthening and restructuring of existing institutions. In the German-speaking countries, the term 'Institution Development' was frequently replaced by '*Trägerförderung*' (support for those who are responsible) in order to emphasize that those who are responsible for these highly complex development projects should be enabled to implement them themselves.

Starting in the 1970s, development policy became increasingly concentrated on the self-help potential of individuals under the slogan 'Development is about people', and the Human Resource Development concept started to dominate capacity development programmes. During the 1980s, this in turn was replaced by the programmes of the New Institutionalism, which reduced the focus on individual projects and increasingly directed attention to the influence of economic and political conditions and the interplay of organizations and institutions. In the early 1990s, these preliminary concepts were largely replaced as models for development by the concept of Capacity Building and, later, by the concept of Capacity Development. How can these conceptual changes be explained?

Fashions in Development Co-operation: Value Conceptions

Capacity Development is an umbrella concept (Morgan, 1998) under which various approaches to development assistance are subsumed. The general consensus amongst development assistance organizations is that Capacity Development is especially characterized by its comprehensive approach, as it refers to the individual, the organizational and the system levels (Nair, 2003: 2).¹ The concept of Capacity Development is based on the assumption that these three levels of society are inter-related, and any directed changes are only possible if all three levels are taken into consideration. Thus, the Human Resource Development approach on the individual level, the Institutional Development approach on the organizational level and the New Institutionalism approach on the system level have all been incorporated into the much more extensive Capacity Development concept.

The basic assumption of supporters of the Capacity Development concept is that if an intervention takes place on one level only, the effects will dissipate. According to one interviewee, sustainable development is not possible without simultaneous human resource development, organizational strengthening and establishing supportive environmental conditions. He explained that development experts make use of an 'elevator effect' or an 'elevator principle' that ostensibly makes it possible to transport

1. Let me note in passing that this definition is bound to cause irritation among system theorists, since it suggests that persons and organizations are not systems.

interventions from one level to the next lower or next higher level. Thus, a model that was developed on the micro-level, such as an AIDS project in a region of South Africa, could be 'lifted up' and replicated on a higher level, thus leading to changes in the strategies of organizations and in the general political conditions (Interview Partner DI, Capacity Development expert of a national development bank).

With reference to individual development projects, Hirschman (1967: 21) called such an extension of a claim a 'pseudo comprehensive program technique'. In an evaluation of World Bank projects, he claimed that while new development projects are being legitimized by referring to successful previous projects in other regions (Pseudo Imitation Technique), those same previous projects are often described as patchwork, and that it is now necessary to develop a new and integrated programme (Pseudo Comprehensive Programme Technique). Thus it is suggested that the organization has learned from the experiences gained in the previous projects, and is now able to combine the various facets into a single comprehensive approach.

Hirschman held the view that the Pseudo Imitation Technique and the Pseudo Comprehensive Programme Technique fulfil important, complementary functions. The first technique makes the development projects appear less complicated, and the second technique conveys the impression that the development assistance organization has recognized the reasons for the failure of earlier projects, and that the problems can be mastered by using a more extensive and comprehensive approach.

The process of the Pseudo Comprehensive Programme Technique can be observed in nearly all fields in which the strategy that was originally applied did not bring about the success that had been expected. For example, the Quality Management Wave originally started with some individual interventions to improve organizational quality (business improvement system, quality circle movement, continuous improvement programmes). When these individual instruments failed to produce the expected benefits, there was a surge of implementation of ever more comprehensive quality management programmes that reached their climax in the Total Quality Management programme, in the hope that the use of a more integrated approach would make it possible to avoid the problems associated with the individual measures (Dean and Bowen, 1994; Strang and Macy, 2001; for knowledge management see Wilson, 2002).

A similar process can be observed in the application of management modes in industrial production. Now that semi-autonomous work teams, process orientation, Just-in-Time production and Kanban have not achieved the desired effects, attempts are being made to create new production potentials with a 'comprehensive production system'. This more integrated approach is intended to avoid losses that are generated through frictions, contradictions, goal conflicts, sub-optimal solutions and gaps that arise from focusing on individual measures. The secret of success, it is claimed, lies in a 'careful integration of mostly familiar organizational concepts into a comprehensive

overall solution specifically designed for each individual business, that can be consistently pursued over the long term' (Spath, 2003: 9).

The field of project management is characterized by growing doubts about the instruments that are being used, and a similar trend toward the integration of various measures. Not only are rather abstract ideas like Team Building, Project Management, Identification with the Project and the Promotion of Project Ideas being integrated into a uniform 'project culture', but at the same time there are demands for a 'directed integrative communications management' in which the various individual aspects of communication in projects are being integrated (Spreider, 2004).

Two Forms of Organizational Fashion

There is some controversy over the role of values in organizations. When values are to be seen in a positive way, we refer to 'value-oriented management', 'business ethics' based on stable values, a 'corporate identity' that reflects the key values of the organization, and so forth. But if we want to put values into a more negative light, we use terms like 'management fashions', 'organizational fictions', and 'myths', suggesting that value orientations are irrational and have a changeable character.

The distinction between values and fashions is not only used in the self-descriptions of organizations, but also in scientific research. In the fields of business economics, business administration and industrial engineering, especially, there is a tendency to distinguish between business values (which are good) and business fashions (which are bad). In the world of business management, values are associated with anchoring organizations to key principles, while the term 'fashion' creates associations with the unimportant and the trivial (Abrahamson, 1996: 258).² What is frequently overlooked, however, is the number of similarities between values and fashions in organizations, and the fact that there are organizational fashions whose most important function is to help support values.

First Form: Fashions Alternating between Two Organizational Poles

The fashion research done in the fields of organizational sociology, business administration, and work and organizational psychology has mainly been focused on management fashions that played a role in organizations for two

-
2. As a reaction to the growing weariness with fashions in the business world, the applied sciences now seem to have a great interest in 'unmasking' management concepts as fashions and in linking the failures of businesses to their adoption of such fashions. Thus, Barabba et al. (2002) see it as an error of the management gurus that they tend to propose comprehensive solutions for numerous problems instead of 'educating' the managers and improving their understanding of the 'business puzzle'.

or three years and were then replaced by new fashions that ran in the opposite direction. An early observer of organizational fashions, Simon (1946: 53), had already noted that the central themes of organizations regularly alternate between opposite policies. Management policies are like proverbs, and even if the recommendations made take contrasting positions, it is easy to find a proverb supporting each position.

There are many organizational themes that follow this pattern. Mintzberg (1979: 290) equated the alternations between centralizing and decentralizing trends in the business world with the alternations between long and short skirts in the fashion world. Decentralization will strengthen the autonomy of individual business units, but will make it difficult to generate synergies between them. Organizational fashions like 'synergy management' demand organizational centralization, but also lead to familiar problems of centralized organizations such as a lack of competence on the part of those who are in contact with the customers. Abrahamson (1997) has emphasized that a strong out-sourcing fashion is frequently followed by an in-sourcing fashion. Out-sourcing allows a company to concentrate on its core business and to leave fields that are not part of the core business, and in which it lacks competence, to others who are the 'experts'. But at the same time, the company may find that when it manufactures a certain product, it cannot be sure which production processes will be the most profitable in the medium term, and if it makes use of out-sourcing, it may lose control of possibly important future manufacturing methods.

According to Blau and Schoenherr (1971: 297), the explanation for this regular alternation in fashions is that organizations are faced with a problem of contradictions for which there is no solution. One of the major findings of organizational sociology in the wake of Max Weber is that organizations cannot be organized rationally for the accomplishment of an ultimate purpose; rather, the environmental complexity is carried into the organization in the form of contradictory demands. These contradictory demands can be processed along three dimensions: objective, social and time (for the concept of the three dimensions, see Luhmann, 1984: 112). On the objective dimension, concentrating on one aspect will almost inevitably lead to a neglected contrary aspect being pushed to the surface. On the social dimension, this is dealt with by having contradictory demands processed by units that are horizontally and hierarchically separate (on the separation of hierarchical levels, see Parsons, 1960: 63). The effect on the social dimension is the formation of local rationalities that get into conflict with each other. Contradictory demands from the environment are translated into contradictory orientations within the organization (Cyert and March, 1963). On the time dimension, contradictory demands are processed in succession. One strategy is applied first, and then, after waiting until its problematic effects have become apparent, the opposite strategy is applied.

This alternation on the time axis is accompanied by organizational fashions that affect entire fields of organizations. Since organizations tend to adapt

their strategies to those of other organizations in their field, the strategy changes become fashions that are adopted by many organizations. It is not the individual company that adopts a Lean Management strategy; rather, entire sectors will take up the concept almost simultaneously. Likewise, it is not just the isolated development assistance organization that will change from one programme orientation to another; rather, nearly all development assistance organizations will quickly follow what a vanguard organization like the World Bank does.

Second Form: Fashions for Attending to Constant Aims

There is a second form of organizational fashion that has attracted less attention. These fashions are not characterized by cyclical alternations, like those between centralization and decentralization or in-sourcing and out-sourcing. Rather, these are fashions that always attend to one particular value within an organization. Thus in the economy, for instance, there is a constant attendance to the value of profit making in business. The shareholder-value orientation was simply the last attempt to strengthen the orientation of businesses in the profit-making motive through an organizational fashion. In education, various fashions are used: concepts like project instruction, group work and student-oriented instruction ultimately all attend to the value of student orientation.

This begs the question of why a value must be supported by different organizational fashions that are all aiming in the same direction. Values have a strong normative component and thus, at first sight, they are surprisingly resistant to disappointments. Values can be retained even when concrete developments give little support to a propagated value. For Luhmann (1973: 36), 'values are contra-factually stabilized expectations that can be retained even when the corresponding effects do not occur at present, or even not at all'. For example, the profit motive can be regarded as a high value even when one's own company has little hope of being successful in this regard. Or, one can pursue the goal of a student-oriented education even when the Programme for International Student Assessment (PISA) test results provide little support for previous educational programmes.

However, if there is a disappointment, the values cannot always be upheld using the same language. This is where the second form of fashions will come in. These fashions will then confirm the value conceptions with a new and different vocabulary, but without much change in the values.

Capacity Development between the Two Forms of Fashion

The major difference between the two forms of organizational fashions is that the first form focuses on the means that are intended to achieve a super-ordinate goal, value or purpose. These means (such as Lean Management,

Business Process Re-engineering, Knowledge Management or Total Quality Management) are not applied for their own sake but in pursuit of an aim such as improving the value-creation process. The second fashion form is not oriented on the means but on the end, on the purpose, on the value itself. That is, profit making in business companies, the education of students and excellence in scholarship are in themselves the aims that are accorded a high value in the organization.

The concepts used to strengthen the endogenous forces in developing countries are of interest here because originally they were mainly regarded as a means to achieve super-ordinate goals, but latterly they have increasingly been pursued for their own sake. Thus, during the 1950s and the 1960s, Institution Building was mainly used to provide a basic stock of functional institutions that would be able to implement major infrastructure programmes. During the 1960s and 1970s, Institutional Strengthening was mainly implemented for the more efficient management of Public Investment programmes. But by the 1970s and 1980s, the interventions made in the Human Resource Development programmes were not regarded as a means to an end but as ends in themselves. The concentration on education and training, health and population planning and on the development of competent and self-reliant citizens was no longer the means but the goal. This was clearly expressed by one of our interview partners who stated that Capacity Development was the 'goal', the 'method' and the 'result' (Interview Partner DI, Capacity Development expert of a national development bank). It seems that in the case of Capacity Building, a concept that was originally seen as a method has become so overloaded with meaning that all approaches to 'sustainable development' can now be subsumed under this term; even the newer term Capacity Development is increasingly becoming a synonym for development assistance. What effect does the overloading of these concepts have?

The Paradox of Overloading: New Fantasies of Steering Development Co-operation

The Capacity Development approach comprises different levels and implies the claim (or the pretension) that interventions in developing countries are 'comprehensive'. It is no longer regarded as sufficient to train personnel, to support an administration or a business to bring about changes with organizational development programmes, or to improve the relevant local laws and regulations. Rather, Capacity Development is considered a method for interlinking a wide array of approaches to development (König and Bührmann, 2003: 3ff).

This is the repeat of a development that is known as 'systemic' in organizational consulting. In contrast to what we might expect from sociological systems theory, however, the word systemic does not refer to the de-coupling of different intervention levels and thus to the impossibility of achieving

Table 1. *The Development of Concepts for the Strengthening of Endogenous Forces*

| Concept | Emergence within the Development Discourse | Meaning | Goals | Emphasis |
|---|--|---|---|--|
| Institution Building | 1950s and 1960s | Buildup of a basic stock of functional institutions in the developing countries, as in the West European model | Management of 'Programmes of Public Investment'; efficient use of existing funds | Individual institutions |
| Institutional Strengthening/ Development | 1960s and 1970s | Strengthening and restructuring of existing local institutions | Management of 'Programmes of Public Investment'; efficient use of existing funds | Individual institutions |
| Human Resource Development | 1970s and 1980s | Concentration on education, health and population development | Development through competent citizens | Individuals |
| New Institutionalism | 1980s and 1990s | Strengthening of institutions in the governmental, NGO and private sector, including their relations to each other as well as their external situations | Sustainable development through a comprehensive approach, with institutions as a starting point | Networks of institutions, including general economic, social and political conditions |
| Capacity Building and later Capacity Development | 1990s to present | General concept for linking the other approaches; support for the capacities on the individual, institutional and systemic level | Sustainable development through a comprehensive endogenous approach | Individuals, institutions, and systemic context, including general economic, social and political conditions |

Sources: Kühl and Raffler (2004: 3); Lusthaus et al. (1999: 2)

effects on all levels simultaneously; rather, systemic is understood in this context to refer to a comprehensive approach with the claim that individual interventions must always be understood and planned in their respective context.

In their concrete forms, the concept of Capacity Development, in particular, and systemic consulting, in general, reintroduces — through the back door, as it were — the previously prevalent fantasies of exercising control through organizational consulting. Thus, the more seriously the multi-level approach is taken in consulting work, the greater the pretensions of taking control of the system that is being attended to. This overloading paradox will be apparent when we take a look at the concrete claims of Capacity Development.

We are now confronted with the phenomenon of values that was mentioned above. If values are not just treated as abstract ideas but are understood as concrete guides to action — in other words, if a value is turned into a purpose — then such a concrete value will inevitably conflict with the other values that must also be considered (Meyer and Rowan, 1977: 356). Conflicts between different expectations that can be kept latent at a high level of abstraction may easily break out into the open when an attempt is made to implement a set of values.

This can be observed in the criteria that are applied to the use of funds in development co-operation. One of the central values of development assistance organizations is the 'efficient' use of tax money. Given the pressures of political legitimization, this value is frequently made concrete in the form of action programmes with very detailed planning and decision-making systems and evaluations in order to encourage the development assistance organizations to comply with their obligation of accounting for the funds that are being expended. The incentives to improve performance in the organizations are frequently oriented to these planning, decision-making and evaluation criteria.³ But in the process of making this concrete, the claim that there is a 'reasonable use of funds', contradicts the proclamation that social and economic change is a long-term process (Nelson, 1995: 118). If the claim of development co-operation that it takes place in the form of multi-level interventions is a concrete guide to action, and not just words, then it must be expected that sooner or later this contradiction will become clear.

THE DIFFUSION OF THE CAPACITY DEVELOPMENT CONCEPT

Capacity Development is a much-used concept: nearly every major national or transnational development assistance organization has published at least one policy paper on Capacity Development. On the websites of the major development aid organizations, information on Capacity Development can be accessed in one or two easy steps (see Kühl and Raffler, 2004: 11). How

3. Among project managers at the World Bank, the rule is, 'Either the loan goes, or you go' (Hanke, 1996: 352).

has this term, which was practically unknown ten years ago, become so widespread within such a short period of time?

Pre-sociological explanations for the wide diffusion of the concept of Capacity Development look at the success of the concept, based on the motto, 'There is nothing as successful as success'. It is suggested that Capacity Development acts as a lever for making more effective use of development assistance funds; thus it is understandable that all development aid organizations that have an interest in improving their work will take over this concept.

However, a sociological explanation for the broad diffusion of a concept cannot be based on the criteria of utility and efficiency. As Meyer and Rowan (1977) have argued, it is especially those organizations that depend on public funds that are most likely to adopt innovations, because this is a way for them to achieve a higher degree of legitimacy. For example, a state employment agency may implement an administrative reform because that way it can indicate that it is prepared to adapt itself to the new conditions of job placement. Or a ministry for economic co-operation and development might adopt the 'good governance' concept because this will allow it to wrap up its political interventions in developing countries in the attractive package of a concept that is sure to receive quick and broad diffusion.

Levitt and March (1988) describe three processes by which information, innovations and diseases are diffused. In the first process, the diffusion originates from a single central source from which the information, innovation or disease is spread. Typical examples from the world of organizations are the rules issued by governmental authorities, trade organizations or professional associations. This diffusion process, which is based on compliance with centrally issued rules, is frequently called 'coercive isomorphism' (see DiMaggio and Powell, 1983: 150).

In the second process of diffusion, the information, innovation or disease is spread through contact of an 'infected' member with a 'non-infected' member of the population. There may even be transmitters operating between the two members, who transmit the infection from one to the other. An example of this kind of diffusion is an organizational innovation like Total Quality Management, which is diffused either by direct contact between the organizations or via consulting firms that act as 'transmitters'. This kind of diffusion through imitation is called 'mimicry' or 'mimetic isomorphism' (ibid.: 151).

The third kind of diffusion process takes place in two phases. The information, innovation or disease is first spread within a small group over a long period of time, before it then spreads to the rest of the population in an explosive manner. Such a process is typical for organizations such as educational and training institutions, professional associations and specialist journals. Sooner or later, the members of the organization will begin to feel obliged to act according to a certain idea, in order to maintain their reputation of being

well trained, professional and well informed. This diffusion mechanism is called 'normative isomorphism' (ibid.: 152).

The Role of the World Bank in the Concept's Diffusion

It appears that the popularity of Capacity Development cannot be explained on the basis of a forced diffusion through a central institution. Agenda 21 of the United Nations, for example, established that the success of 'sustainable development' largely depends on a country's 'capabilities' to promote the development of 'personnel and institutional capacities'. It also said that there is a need to 'strengthen the national capacities' of 'all countries equally' (United Nations, 1992: 37:1) However, this passage only has the character of a general recommendation. There are no multilateral agreements that contain binding and verifiable rules for the application of Capacity Development. Since development aid monies are mainly raised on the national level, there is no development assistance organization that plays such a central role in the field that it could enforce rules and standards of procedure for the other organizations.

In publications on Capacity Development there are numerous references to a speech given by Edward V.K. Jaycox, World Bank Vice President for Africa, in the early 1990s. In that speech, given at a conference of the African-American Institute, Jaycox presented a study that was intended to offer solutions for more effective development. According to Jaycox (1993: 4), the term Capacity Building, the precursor of the term Capacity Development, was 'invented' for the study to describe a 'new mode of activities' that would be different from those of the past. This new term was intended to introduce a 'very different approach' to development co-operation.⁴

This change of paradigm at the World Bank that Jaycox had promised was supported by a study conducted by Berg and commissioned by the United Nations Development Programme (UNDP). In that study, which Jaycox called a 'must read' (1993: 4), Berg claimed that what we need is 'new thinking' about the technical co-operation in development aid programmes. Berg referred to problems in the management of technical co-operation, deplored the inefficiency of the markets for those who provide such services, and lamented the problematic conditions for interventions in development aid programmes. He proposed a 'radical change' to put technical co-operation back on the right track. While he regarded more capital investments in the

4. Jaycox's original statement was: 'We invented the words "capacity building" in that report. I don't think they were ever used quite the same way before and we meant to use those words in a way that would distinguish a new mode of activity, a new way of doing business from what we've been doing in the past. I hope that before this capacity building thing becomes a totally hackneyed cliché, we in fact do change the way we do business. It involves a very different way of going about it' (Jaycox, 1993: 4).

Third World as a necessity, he considered it even more important to conduct Capacity Building programmes that would lead to 'better trained personnel' and 'stronger institutions' (Berg, 1993).⁵

It is interesting to note that the interventions of Jaycox and Berg were not backed up by a harmonized programmatic change at either the World Bank or UNDP. Neither Jaycox nor Berg had the competence to speak for their organizations as a whole, but their interventions were accepted by their organizations as a uniform change of direction. In the perception of other actors in the field, the two most influential international organizations of development co-operation (the World Bank and UNDP) had simultaneously called for a change of paradigm; governmental and semi-governmental development assistance organizations thus felt called upon to follow this new direction. In a process of mimesis and imitation they did just that. This diffusion process was supported by three developments.

First, the World Bank, and to some extent the UNDP, played an important role in the co-ordination of donor interventions in the developing countries. The World Bank's position as co-ordinator of various development aid initiatives was particularly strengthened in the 1980s by the structural adjustment programmes designed to mitigate the effects of political recommendations made by the International Monetary Fund (such as public sector reductions, food subsidy limitations, opening up national markets). Second, in the 'global market of ideas' (Nelson, 1995: 120), the World Bank is well placed to take up key themes of development co-operation. In development discourse the World Bank has already made use of ideas like the green revolution, the basic needs strategies and market-based agricultural pricing. In the same way, the propagation of Capacity Building, and later Capacity Development, has played an important role in the World Bank's working relations with the local elites in the developing countries. Third, the World Bank and UNDP indicated quite early on that they were ready to invest considerable funds in Capacity Development; together with the African Development Bank they initiated a Capacity Development Foundation with a starting fund of US\$ 30 million. Through co-operation with national donor organizations, a total of more than US\$ 100 million was to be made available for Capacity Development programmes.

Capacity Development: The Formulation of Professional Standards

Capacity Development thus became established as an approach to development co-operation, to be followed by any development assistance organization with the ambition to conduct its own 'state of the art' programmes. In the field of development consulting there is no professional

5. The quotes are from the UNDP website, from where the book can be downloaded. See <http://capacity.undp.org/about/rethinking.htm>.

standard in the narrow sense, just as there is no such standard in organizational consulting. There is no explicit training for the job of a development expert. The professional organizations are too weak to enforce any generally applicable quality standards or criteria for success. There is a kind of 'professionalism without a profession' in which any expert can formulate his own quality standards.

In contrast to organizational consulting, however, the field of development consulting is dominated by a number of major players who are either employers of development experts or who channel the grants for major contracts. Self-employed development co-ordinators, small consulting offices and the informal networks of development experts are largely dependent on commissions from the national and international development assistance organizations. This has implications for the diffusion of the Capacity Development concept.

First, the formulation of new approaches most often takes place in major development assistance organizations and not in independent consulting offices. In contrast to consulting for businesses and administrations, in which the fashions are often formulated by independent consulting offices and then implemented by the customers, in development assistance the customer plays a central role. So it is no accident that Capacity Development has diffused from the major development assistance organizations to the independent development experts, and not the other way round. Second, professional standards are formulated by the major development assistance organizations. These tend to be similar to each other in where they put their emphasis, and to imitate each other in adopting favoured concepts (at least on paper), since they all have to work within the same sphere: unlike the world of commerce, 'sidestepping' into contracts from beyond the development assistance sector is not usually an option.

From Capacity Building to Capacity Development: 'Imitation Plus'

The neo-institutional position can provide convincing explanations for the diffusion of concepts such as 'good management' and 'good consulting'. It is much more limited, however, in explaining innovations and changes in organizational models. While neo-institutionalism has made the concept of isomorphism popular in sociology and can separate the diffusion of concepts from efficiency criteria, it has less to offer on questions of institutional development and change (for a critique see Strang and Meyer, 1993: 503). We must look elsewhere to explain changes in the support enhancement concepts and to understand the shift from Capacity Building to Capacity Development.

The term 'imitation plus' is used to suggest that ideas about rational and efficient organizations are not just imitated, and that variations do not simply appear as unwanted proximate consequences. The aim of adapting current

fashions is not to make concepts like 'good management' more appropriate for one's own value-creation process; rather, the adaptation is intended to go beyond those ideas of good management, rational organizations and innovative structures. Legitimacy is increased not by simply copying the notions of rational organization, but by adding some original contribution. The imitation is not limited to copying the notions of rational management; rather, in the process of copying, new aspects are examined that can be added to the concepts currently in vogue: hence the term 'imitation plus'.

Early research in the field of organizational sociology had already found indications that consulting firms and industrial, trade and service companies have a need to see themselves as unique in their branch of business. Selznick (1957: 139), for example, argued that it is essential for the survival of an organization to emphasize its unique characteristics and to give the impression that it does its work so well that others cannot compete. Clark (1972: 178) established the thesis that members of organizations transmit the history of their organization from one generation to the next, producing a collective sense of unique performance and pride in the capabilities of the organization (see also Martin et al., 1983: 438).

Following the trail of Selznick and Clark, Luhmann (2000: 438) argues that organizations always pursue a competitive strategy: they compete with each other for attention, and they try to outdo each other by constantly introducing innovations. Thus Luhmann argues that it is sufficient for an innovation to be assessed positively on the self-description level rather than on the level of real structural change, and that product innovations are often only the result of new combinations of advantages and disadvantages. However, businesses are subject to the general suspicion that all they produce is 'talk', and that such talk is of no consequence. Organizations must therefore avoid limiting themselves to pure 'talk' with no substance.

The work of consulting firms is an almost ideal-typical illustration of the 'imitation plus' model. When they adopt a current management fashion, they will normally enrich it with their own concepts, ideas and vocabulary, and hope that this will allow them to outdo the competition. For example, in the mid-1990s, the concept of Business Process Re-engineering was the dominant reorganization strategy. Different consulting firms locked into this concept, and in the process they added their own twist: Arthur D. Little Reengineering, a management consultant firm, initiated 'high performance business' and thus modified the excessive emphasis on information technology in the re-engineering concept; Gemini, a business consultant, called its re-engineering concept 'Transformation' and put its emphasis on process design (see Micklethwait and Wooldridge, 1998: 47).

The change from Capacity Building to Capacity Development is indicative of a trend in development co-operation. The terms Capacity Building and Capacity Development are generally interchangeable, but the latter term has become increasingly accepted, despite the fact that the original formulations of the World Bank favoured the former. In Capacity Development, special

emphasis is placed on the aspect of *further* development of already existing capabilities, while Capacity Building implies a new build-up of capabilities. Capacity Development can thus be regarded as the 'politically more correct' term and as the successor to Capacity Building.

This change in terms does not have much effect on the practice of development co-operation. However, it is relevant because it illustrates that adopting a term which indicates a strengthening of the endogenous forces in developing countries did not take place in a simple process of copying; rather, the process of copying was accompanied by alterations and variations. Thus the change from Capacity Building to Capacity Development demonstrates that a successor term can become dominant despite the fact that (or even because) it does not involve any real differences to the previous term.

Capacity Development: A New Self-Help Paradox in Development Co-operation?

It is clear that the discourse about Capacity Development is mostly conducted in development assistance organizations. The speech made by Jaycox, a Vice President of the World Bank, to the African-American Conference in 1993, was more or less an appeal to governments of the developing countries to assume a greater share of the responsibility. While the speech conceded that the previous policies of donor nations had contributed to weakening local institutions, the governments were also told that they held a large share of the responsibility for the 'brain drain' from their countries.⁶ The study conducted by Berg for UNDP drew a similar conclusion. It not only criticized the failures and omissions of the development aid institutions; it combined this criticism with a call upon the governments of developing countries to take their destiny into their own hands with the help of Capacity Development programmes.

This re-formulation of one of the key development paradigms in the administrations of the major development aid organizations need not be regarded as a fundamental criticism of development aid, nor should it be seen as a form of hegemony of the Western institutions (Escobar, 1995). What is interesting, however, is that this concept for strengthening endogenous forces almost inevitably leads to a 'self-help paradox' in interventions.

The concept of Capacity Development is basically a call upon governments to be independent and self-sufficient. This is a paradoxical

6. The World Bank has criticized itself for having employed foreign specialists to solve all kinds of problems. It developed projects and then found that the recipients lacked the capacity to implement them; the solution was to put in money and technical assistance and to hope that this would fill the gap. This approach was not only insufficient to get a grip on the problems, but it also prevented the development of capacities in the developing countries. Donors had ordered a major portion of the technical assistance, for which there was no need on the part of the recipients (Jaycox, 1993: 3).

demand — obeying a call for self-sufficiency and independence is hardly an indication of genuine self-sufficiency and independence. On the other hand, resisting such a demand — persisting in a state of dependency, in defiance of a call for independence — would also be a contradiction, as resistance would be a form of independence or an act of self-sufficiency. The paradox lies in the contradiction between what the communication demands and the fact that it demands it. Every communication consists of a 'report aspect' and a 'command aspect'. On the one hand it communicates a subject (report), and on the other hand it transmits the expectation that this will be accepted as correct and appropriate (command). The 'report aspect' and the 'command aspect' cannot be isolated from each other and cannot even be analytically differentiated (see Luhmann, 1997: 97, 117).

So far there have been no studies of how strongly this self-help paradox is perceived by project supporters in the developing countries. However, in view of the diffusion processes going on in the Western development aid organizations, it seems unlikely that the paradox can be avoided.

FASHION STRATEGIES IN THE COMPETITIVE POSITIONING OF THE DEVELOPMENT ASSISTANCE ORGANIZATIONS

According to the proponents of Capacity Development, the areas in which capacities should be developed are fields in which the development assistance organizations are active in their interventions. Thus, capacities should be developed in those central government institutions that are responsible for the formulation of development policy, but also at the local government level. Beyond government administrations, there should also be a build-up of capacities in political parties, in parliaments, at universities, research institutes, consulting firms, in labour unions and in the media. Moreover, Capacity Development should have such a structure that the 'poor' (who are usually not organized) are also in a position to build up capacities through non-governmental organizations (Hilderbrand, 2002: 10).

This overloading of the Capacity Development concept has led to the current situation in which the content of the concept has an imprecise definition, and its meaning is disputed. Among the development assistance organizations, a conflict is being fought over how Capacity Development is to be understood, what strategies it entails, and which development aid organizations are in the best position to represent the concept.

This conflict echoes similar battles over other models. Research on Lean Management, for example, shows that this concept has been used in quite different ways. The term was originally made popular in 1990 by James Womack, Daniel Jones and Daniel Ross, who used it for the Toyota production system, but later it came to be applied in very different contexts. In many German companies, the term was used to introduce the strategy of semi-autonomous work groups and was marked by the tradition of

humanizing the world of work. In many US companies, however, the Lean Management label was mainly used in cost-cutting efforts in indirect production, such as machine maintenance, quality management or engineering services (see Benders and Bijsterveld, 2000; Nicolai, 2003). The meaning of the Capacity Development concept is similarly disputed.

First Debate: Possibilities (and the Impossibility) of Official Political Intervention

Historically, development aid organizations on the national and supra-national level have adopted quite different orientations. Some organizations (especially those with a transnational structure) are reluctant to exercise political influence, while others (especially those in Europe) openly admit to political interventions that are also known as 'value-laden consulting' (Interview Partner DI, Capacity Development expert of a national development bank).

For reasons of legitimacy, the World Bank feels forced to represent its actions toward developing countries as being of a purely technical nature.⁷ In its own perception, the World Bank has only limited possibilities for intervening in the political conditions of developing countries. As one of the interviewees emphasized, the World Bank has to give itself a 'technocratic' image, and thus it has 'no possibility' to officially influence the politics of a developing country (Interview Partner HP, Team Leader Capacity Development of a national development agency).

National development assistance organizations, on the other hand, can use Capacity Development to acknowledge their active role in political influence. The national development aid organizations that have been 'followers' of development fashions now have a possibility to build up their own positions *vis-à-vis* the vanguard, such as the World Bank and UNDP. But in contrast to the World Bank and UNDP, they can unhesitatingly state that 'Capacity Development is impossible without endogenous political consultation' (Interview Partner HP, Team Leader Capacity Development of a national development agency).

Second Debate: Breadth of the Concept and the Orientation of Development Assistance Organizations

The second debate concerns the question of which organizations can best represent Capacity Development as a programme. In some countries, different organizations are charged with the financial co-operation that is based

7. Critics of the World Bank have called it an 'anti-politics machine' (Ferguson, 1990, 1994), because its approach is said to include a hidden political programme (if one takes a rather broad view of politics).

on credits and subsidies, the technical co-operation that is bound up with intensive consultation, and the training projects that are mostly directed at individuals. In other countries, these different kinds of projects are brought together in a single umbrella organization. Particularly in the former countries — in which the roles are differentiated — there is a debate going on over what the concept of Capacity Development entails.

In the 1970s and 1980s, the concept of Human Resource Development played a very important role, and in some countries development assistance organizations emerged that were responsible for the training of individuals in fields such as the economy, politics and health. These organizations cannot extend their areas of responsibility at will, and their Capacity Development concept tends to be rather limited. One of the interviewees stressed that 'for an institution that can only do training projects, Capacity Development can only mean training' (Interview Partner HP, Team Leader Capacity Development of a national development agency). However, by loading the concept of Capacity Development with additional organizational development concepts as well as programmes to change the institutional conditions, those organizations that cover the entire breadth of the concept can claim that they are best qualified to conduct Capacity Development. These organizations, especially, take the position that Capacity Development in a broader sense is their 'main business' (Interview Partner DI, Capacity Development expert of a national development bank).

Third Debate: Capacity Development and Basket Funding

The third debate concerning Capacity Development is over the concept of 'Basket Funding'. The basic idea of Basket Funding (and the similar concept 'Budget Aid') is that development assistance funds should not be made available to the recipients for individual projects but as a global amount (in one basket). The funds can then simply be added to the national budgets within the scope of Budget Aid, and can be used in accordance with the budgetary requirements. Receiving countries administer the funds themselves and make them available for previously defined programmes.

Some very important players in the field of development assistance are proponents of Basket Funding. One reason for its popularity is that it allows development organizations to distribute larger amounts of money to receiver countries without examining each individual project. That suits an organization like the World Bank, which does not have its own extended capabilities for project-related technical co-operation, but is under strong pressure to disburse funds. According to one interview partner, for the World Bank, Basket Funding is effective because it allows large amounts of money to flow out within a short period of time, while evaluations are made not in any material way but through accounting methods (Interview Partner CI, Team Leader). According to another interviewee, UNDP supports the concept of

Basket Funding within the scope of a reform of development co-operation that has been going on since the late 1990s, because Basket Funding makes it possible to distribute larger amounts of money without UNDP having to hire more personnel (Interview Partner HP, Team Leader Capacity Development of a national development agency).

For transnational organizations, especially, Basket Funding is tied to Capacity Development. They take the position that Basket Funding contributes to Capacity Development because the organizations are now forced to build up their own capacities in the developing countries to ensure a more efficient deployment of the funds, which are disbursed as global amounts. These organizations will thus have a better chance to grow in the developing countries and to discharge the responsibilities with which they have been charged; furthermore, as their own capacities increase, these can be used not only for the administration of the development assistance funds, but also to support an autonomous development policy.

The concept of Basket Funding and the related aims of Capacity Development are thus a threat to the legitimacy of the established development assistance structures. At the national level, Basket Funding (and the additional concentration on Budget Aid) could jeopardize the existence of separate development ministries. If development aid is reduced to the transfer of large amounts of money to developing countries, this could strengthen the position of those who support the integration of development ministries into the ministries of economics or finance.

Amongst the organizations charged with the distribution of development assistance funds, there is some debate about which are most threatened by Budget Aid and Basket Funding. Some argue that Basket Funding jeopardizes the technical co-operation organizations. A feature of technical co-operation as practised by Japanese, German and Norwegian development assistance organizations is that projects and programmes are conducted in close co-operation with the development aid organizations. This has long been the approach of development aid: as a result, large numbers of personnel have been hired to work both in the developing countries and in the central offices at home. According to one of the interviewees, if Basket Funding and Budget Aid become dominant, the technical co-operation organizations might begin to look like the 'dinosaurs' of development aid, even if they still send real people to the local areas in the developing countries (Interview Partner DI, Capacity Development expert of a national development bank).

Others believe that organizations charged with managing major investment projects will be most impacted by Basket Funding and Budget Aid. In these organizations, people are worried that financial co-operation may become no more than a 'pay office' for technical co-operation (Interview Partner OF, Policy Advisor of a national development bank). As one of the interview partners put it, the technical co-operation organizations could assume the role of a spigot and set the conditions under which money for the

financial co-operation organizations would be paid out (Interview Partner KV, Capacity Development expert of a national development agency).

The position taken by development aid organizations focused on technical co-operation is that Basket Funding must be supported by direct interventions. Basket Funding that is not supported by technical co-operation programmes would, they argue, put too much of a burden onto organizations in the developing countries and would exacerbate the problem of the inefficient use of funds, or even corruption (Interview Partner HP, Team Leader Capacity Development of a national development agency). From this perspective, it can even be claimed that the concept of Capacity Development is being 'misused' by organizations like UNDP (Interview Partner HP, Team Leader Capacity Development of a national development agency) in order to support Basket Funding.

The development aid organizations are just beginning to analyse their experiences with Basket Funding and Budget Aid, so it is too early to predict the outcome. What does seem likely, however, is that the relationship between Basket Funding/Budget Aid and Capacity Development will be decisively influenced by the responsibilities of the respective development aid organization.⁸

CONCLUSION: CAPACITY DEVELOPMENT AS FORMS OF ORGANIZATIONAL LEARNING?

In the discourse of the development assistance organizations, successive shifts from the concepts of Institution Building and Institutional Development to Human Resource Development and New Institutionalism up to Capacity Development are presented as an organizational learning process. It is suggested not only that there has been an ever greater insight into the necessity for efficient organizations in the Third World over the last four decades, but also that the available support concepts have been continuously improved. In the behavioural sciences, decision-making theory has established that learning processes are limited by the structural boundaries of organizations. March (1999), a social scientist who has been particularly concerned with the pitfalls of organizational learning, points to three reasons why it is difficult for organizations to act in an 'intelligent' way.

The first problem is ignorance. As March understands it, ignorance should not be seen as a personal failure of decision makers but as a problem that is basic to any decision-making situation simply because it is impossible to foresee all the consequences of a decision. The future is not known, not

8. This is, admittedly, rather speculative, because so far we can only see the initial effects of Basket Funding and Budget Aid. There has been very little study of this phenomenon to date, either by the development aid organizations or by academic research in development sociology.

just because it is difficult to predict the consequences of decisions, but also because the future also depends on other actors who are pursuing other objectives. But the past is also unknown, because it is remembered only inaccurately and vaguely. Frequently there are quite different explanations of the past. The interpretations of why events have occurred in organizations are constructed in a *post hoc* fashion and strongly depend on changing modes of interpretation. According to March, they provide little help for an understanding of future developments (March, 1999: 2). The second problem is related to conflicts within organizations. Different actors claim to possess the required intelligence for organizational action. In this competitive struggle, the preferences, goals and identities of one group of participants are quite different from those of the other participants. What one group of participants regards as intelligent will be seen as not so clever by other participants. According to March, such inconsistencies lead to difficulties in the exchange of information and in co-operation projects within the organization (*ibid.*). The third problem is ambiguity. Intelligence suggests the achievement of goals that were previously pursued. But in organizations, the goals are frequently formulated in such an abstract way that it is not possible to ascertain whether they have been achieved. If goals are made concrete, it frequently happens that their achievement leads to unforeseen consequences and problems that require a redefinition of the goals (*ibid.*: 3).

If intelligent action in organizations is so difficult, why do organizations expend so much energy devising concepts such as Capacity Development? The analysis presented here tries to explain the role of Capacity Development not primarily on the basis of the realities that exist in Third World countries; rather, the development aid organizations are faced with certain expectations in the industrial countries. The concept of Capacity Development should therefore be seen primarily in light of the legitimacy requirements to which the Western development assistance organizations are subject. It then follows that we should also look at how the organizations react to these legitimacy requirements.

From the perspective of the development assistance organizations, such an explanation may seem to be somewhat heretical; however, it is quite in line with an increasing number of sociological studies in which development assistance is no longer explained primarily from the perspective of the needs of Third World countries. These studies take the expectations that are imposed on the major development assistance organizations as the starting point for an analysis of the organizations as 'transformation belts' between the donor countries and receiving countries (see Ferguson 1990, 1994; Hanke, 1996; Rottenburg, 2002). This approach is not intended to cast doubts on the functions of the Capacity Development concept as such. On the contrary: as Selznick (1957) pointed out, organizations that are equipped with abstract goals and imprecise methods are much more subject to institutionalization processes than organizations equipped with concrete goals and precise methods (also see Scott, 1995: 19).

Expressed in simple terms: a commercial company is able to tell from its annual balance whether it has achieved its goals, and it can frequently give a causal explanation for its successes. For development aid organizations, the goals are formulated in abstract terms, such as reducing poverty or promoting democracy, and causal explanations for successes and failures are rare. Of course, to maintain its legitimacy, even a commercial company cannot entirely ignore the expectations imposed on it: it must, for example, demonstrate that it takes environmental protection and equal opportunities for women seriously, and that it has community interests at heart within the scope of the Corporate Citizenship idea. But in the final analysis, a company can always return to the position that it must maintain a positive financial balance.

Development assistance organizations need to defend their legitimacy against the governmental apparatus (on which they depend for their funding), against the critical mass media, and against a growing number of lobby organizations. They are thus continually forced to present a new look. The more these organizations are criticized (or the stronger their self-criticism) concerning their effectiveness, the more they must present new concepts to demonstrate their learning ability and to show that they will not give up the search for new and more effective strategies.

REFERENCES

- Abrahamson, Eric (1996) 'Management Fashion', *Academy of Management Review* 21: 254–85.
- Abrahamson, Eric (1997) 'The Emergence and Prevalence of Employee Management Rhetoric: The Effects of Long Waves, Labor Unions, and Turnover, 1875 to 1992', *Academy of Management Journal* 40: 491–554.
- Barabba, Vincent, John Pourdehnad and Russell L. Ackoff (2002) 'On Misdirecting Management', *Strategy and Leadership* 5/2002: 5–9.
- Benders, Jos and Mark van Bijsterveld (2000) 'Leaning on Lean. The Reception of a Management Fashion in Germany', *New Technology, Work and Employment* 15: 50–64.
- Berg, Elliot J. (1993) *Rethinking Technical Cooperation. Reforms for Capacity Building in Africa*. New York: UNDP.
- Blau, Peter M. and Richard A. Schoenherr (1971) *The Structure of Organizations*. New York: Basic Books.
- Brunsson, Nils (1989) *The Organization of Hypocrisy: Talk, Decisions and Actions in Organization*. Chichester: John Wiley and Sons.
- Clark, Burton R. (1972) 'The Organizational Saga in Higher Education', *Administrative Science Quarterly* 17: 178–84.
- Cyert, Richard M. and James G. March (1963) *A Behavioral Theory of the Firm*. Englewood Cliffs, NJ: Prentice-Hall.
- Dean, James W. and David E. Bowen (1994) 'Management Theory and Total Quality. Improving Research and Practice through Theory Development', *Academy of Management Review* 19: 392–418.
- DiMaggio, Paul J. and Walter W. Powell (1983) 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields', *American Sociological Review* 48: 147–60.

- Escobar, Arturo (1995) *Encountering Development. The Making and Unmaking of the Third World*. Princeton, NJ: Princeton University Press.
- Ferguson, James (1990) *The Anti-Politics Machine: 'Development', Depoliticization and Bureaucratic Power in Lesotho*. Cambridge: Cambridge University Press.
- Ferguson, James (1994) 'The Anti-Politics Machine. "Development" and Bureaucratic Power in Lesotho', *The Ecologist* 24: 176–81.
- Hanke, Stefanie (1996) 'Weiß die Weltbank, was sie tut? Über den Umgang mit Unsicherheit in einer Organisation der Entwicklungsfinanzierung' ('Does the World Bank Knows What It Is Doing? About Coping with Uncertainty in an Organization of Development'), *Soziale Systeme* 2: 331–60.
- Hilderbrand, Mary E. (2002) 'Capacity Building for Poverty Reduction: Reflections on Evaluations of UN System Efforts'. Unpublished ms. Cambridge, MA: Harvard University.
- Hirschman, Albert O. (1967) *Development Projects Observed*. Washington, DC: The Brookings Institution.
- Jaycox, Edward (1993) 'Capacity Building. The Missing Link in African Development'. Transcript of Address to the African-American Institute Conference 'African Capacity Building: Effective and Enduring Partnerships', Reston, VA (20 May). Washington, DC: The World Bank.
- König, Eckard and Thorsten Bührmann (2003) 'Capacity Development'. Study for GTZ (Gesellschaft für Technische Zusammenarbeit). Paderborn: University of Paderborn.
- Kühl, Stefan and Pia Raffler (2004) 'Capacity Building und Capacity Development'. Frankfurt a.M.: Literaturstudie für die KfW Entwicklungsbank.
- Levitt, Barbara and James G. March (1988) 'Organizational Learning', *Annual Review of Sociology* 14: 319–40.
- Luhmann, Niklas (1973) *Zweckbegriff und Systemrationalität. Über die Funktion von Zwecken in sozialen Systemen (Purpose and System Rationality. About the Function of Purposes in Social Systems)*. Frankfurt a. M.: Suhrkamp.
- Luhmann, Niklas (1984) *Soziale Systeme (Social Systems)*. Frankfurt a. M.: Suhrkamp.
- Luhmann, Niklas (1997) *Die Gesellschaft der Gesellschaft (Society of Society)*. Frankfurt a. M.: Suhrkamp.
- Luhmann, Niklas (2000) *Organisation und Entscheidung (Organization and Decision)*. Opladen: Westdeutscher Verlag.
- Lusthaus, Charles, Marie-Hélène Adrien and Mark Perstinger (1999) 'Capacity Development. Definitions, Issues and Implications for Planning, Monitoring and Evaluation'. Universalialia Occasional Paper No 35. Montreal: Universalialia.
- March, James G. (1999) 'Introduction', in James G. March (ed.) *The Pursuit of Organizational Intelligence*, pp. 1–10. Malden, MA, and Oxford: Blackwell.
- Martin, Joanne, Martha S. Feldman, Mary J. Hatch and Sim B. Sitkin (1983) 'The Uniqueness Paradox in Organizational Stories', *Administrative Science Quarterly* 28: 438–53.
- Meyer, John W. (1980) 'The World Polity and the Authority of the Nation-State', in Albert Bergesen (ed.) *Studies of the Modern World System*, pp. 109–37. New York: Academic Press.
- Meyer, John W. and Brian Rowan (1977) 'Institutionalized Organizations. Formal Structure as Myth and Ceremony', *American Journal of Sociology* 83: 340–63.
- Micklethwait, John and Adrian Wooldridge (1998) *Die Gesundheitsberater. Was die Rezepte der Unternehmensberater wirklich nützen (The Witch Doctors. Making Sense of the Management Gurus)*. Hamburg: Hoffmann und Campe.
- Mintzberg, Henry (1979) *The Structuring of Organization. A Synthesis of the Research*. Englewood Cliffs, NJ: Prentice-Hall.
- Morgan, Peter (1998) 'Capacity and Capacity Development. Some Strategies'. Note prepared for the Political and Social Policies Division. Hull: CIDA, Policy Branch.
- Morgan, Peter and Heather Baser (1993) *Making Technical Cooperation More Effective. New Approaches in International Development*. Hull: CIDA, Technical Cooperation Division.

- Nair, Govindan G. (2003) 'Nurturing Capacity in Developing Countries. From Consensus to Practice', *Capacity Enhancement Briefs* 1/2003: 1–4.
- Nelson, Paul J. (1995) *The World Bank and Non-Governmental Organizations*. New York: St. Martin's Press.
- Nicolai, Alexander T. (2003) 'Versteckte Kreisläufe in der Managementliteratur' ('Hidden Circles in Management Literature'), *zfo* 5/2003: 272–8.
- Parsons, Talcott (1960) *Structure and Process in Modern Societies*. Glencoe, IL: Free Press.
- Rottenburg, Richard (2002) *Weit hergeholte Fakten. Eine Parabel der Entwicklungshilfe (Facts from Afar. A Parable of Development Aid)*. Stuttgart: Lucius und Lucius.
- Scott, W. Richard (1995) *Institutions and Organizations*. Thousand Oaks, LA, and London: Sage.
- Selznick, Philip (1957) *Leadership in Administration*. Evanston, IL: Row Peterson.
- Simon, Herbert A. (1946) 'The Proverbs of Administration', *Public Administration Review* 6: 53–67.
- Spath, Dieter (2003) 'Ganzheitliche Produktionssysteme: eine neue Chance für produzierende Unternehmen' ('Holistic Production Systems. New Chances for Enterprises'), *Ratio* 3/2003: 9–11.
- Spreider, Marco (2004) *Integratives Kommunikationsmanagement in Projekten (Integrative Communication Management in Projects)*. Munich and Mering: Rainer Hampp.
- Strang, David and John W. Meyer (1993) 'Institutional Conditions for Diffusions', *Theory and Society* 22: 487–511.
- Strang, David and Michael W. Macy (2001) 'In Search of Excellence: Fads, Success Stories, and Adaptive Emulation', *American Journal of Sociology* 107: 147–82.
- UNDP (1993) *Programme Approach Guiding Principles*. New York: UNDP.
- United Nations (1992) *Agenda 21*. New York: United Nations.
- Wilson, Tom D. (2002) 'The Nonsense of "Knowledge Management"', *Information Research* 8(1), paper 144. <http://InformationR.net/ir/8-1/paper144.htm> (accessed 5 April 2006).
- World Bank (1998) *Assessing Aid: What Works, What Doesn't, and Why*. Oxford: Oxford University Press.

Stefan Kühl is professor of organizational sociology at the University of Bielefeld (Department of Sociology, Post Box 100131, 33501 Bielefeld, Germany; e-mail: stefan.kuehl@uni-bielefeld.de) and a consultant for Meta-plan, an international consulting firm based in Hamburg, Paris and Princeton, NJ. In the field of development he works as an organizational analyst for different development organizations and is doing research on the evaluation of development projects, budget financing and the paradoxes of development organizations.