

Future of Institutions

FRAMING NOTE

Misinformation. Elections under assault. An unabated climate crisis. Rampant inequality stunting the lives of hundreds of millions. Behind these and other crises, however, there is a common, underlying failure: Institutions that are mistrusted, in crisis, irrelevant, missing, or otherwise unsuited to solve the problems we face today and in the future.

At The Rockefeller Foundation, we see institutions as key to success on a wide variety of social and economic problems. And yet, institutions can seem like part of the background, impossible to change. We believe it is time for a dedicated focus on the future of institutions.

Why institutions, and why now?

For our purposes, “institutions” includes organizational ones like governments, companies, multilateral processes, rules, laws, and financing and funding models. It also includes “behavioral” ones like customs, norms, or practices. Crucially, organizational and behavioral institutions depend on each other: We can hold elections, but they have power only if there is a social expectation that citizens will vote and that the contestants will accept the results.¹

Institutions matter because they allow people to work together at scale to solve problems. This makes institutions important to The Rockefeller Foundation’s programs, but also to everyone working on societal-level challenges. Big ideas can change the world, but only if institutions convert them to action. Bigger than policy, but more concrete than systems change, institutions can provide a practical way of thinking about creating new paradigms.

¹ Our definition will evolve, but a starting point is Douglass North’s 1991 definition of institutions: “Humanly devised constraints that structure political, economic, and social interactions.” However, it’s worth casting a critical eye on such definitions. For example, the North definition emphasizes institutions as constraints, restrictions, or corrective mechanisms, downplaying their creative potential.

Many of the organizational institutions we depend on are struggling now more than ever – from media, to elections, to global governance, to community organizations. These struggles have been created by changes in behavioral institutions and social and economic context, creating a fundamental mismatch. We also face new challenges like climate change and machine intelligence, whose speed and scope defy the limits of even the most successful institutions in operation today.

The answer can't be cynicism and despair. It also can't be a return to inflexible, outdated, or one-dimensional views of what "strong" institutions look like. Instead, we can find inspiration in new institutional innovations.

Examples of innovations include "organic institutions" that defy our conventional mental models of what an institution is, such as open-source software communities or the diverse manifestations of the #MeToo and Black Lives Matter movements. Even new institutional forms that have had ambiguous or controversial impacts so far, such as cryptocurrencies or decentralized autonomous organizations, can contain valuable lessons about what gaps need to be filled and what characteristics can help institutions flourish today.

New missions, new methods

An agenda for exploring the future of institutions might encompass two general questions:

1. What new (or reborn) institutions will humanity need to build over the next ten years to solve our greatest challenges?

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In some cases, the institutions we need are largely missing because the full consequences of the challenge lie in the future – climate change, autonomous vehicles, or the growth of the machine-brain interface, for example. In other cases – forced displacement, online hate and misinformation, or inequality – the challenge is already fully present and obvious, but our institutions are outdated or inadequate to address them. A first step will be to identify the most urgent missions that humanity needs to accomplish but which today’s institutions fail to address.

In early conversations with leaders who are thinking about the future of institutions, our team has heard appetite in exploring institutional needs around two key challenges in particular:²

- **Climate** – Changing our catastrophic course on climate emissions will require societal-level changes that are beyond those today’s institutions are prepared to address; even if we succeed, the consequences of climate change will create problems that today’s institutions are unequipped for.
- **An intentional digital future** – Institutions can no longer simply react to technology if we are to ensure that the benefits of digitization are equitably shared and that use of AI and the machine interface make our societies and lives more humane, connected, and creative – rather than less.

² Revitalization, participation, and trust in democratic processes was the third frequently mentioned theme.

2. What innovations in how institutions work can serve as models for building – or rebuilding – these institutions, for today and the future?

Addressing new missions won't be as easy as creating an "institution for mission X." Most will require an ecosystem of institutions. Further, these institutions will need to be capable of succeeding not just now, but in the decades to follow. This will require new models for institutions.

Our early hypothesis is that there are four capabilities that institutions – across many sectors and challenges – will need if they are to manage the large-scale, complex, and evolving problems the world faces today:

- **Envisioning and crafting the future** – Climate change, global pandemics, refugee crises – we are besieged by problems whose occurrence and re-occurrences are easily predictable. Anticipating and acting to avoid predictable problems is a first step. The next is to proactively set a vision for a better future and take action to create it. This will require better institutional models that can do things like make the risks of inaction as clear as those of action or ensure that the process of creating the official future is shared and inclusive. For example, in the United Kingdom, the Green Party has proposed legislation that subjects an "intergenerational fairness assessment" to account for the needs of future generations.
- **Managing uncertainty, complexity, context, and speed** – Sensemaking and execution capacity are crucial to the effectiveness and legitimacy of organizational institutions like governments. Achieving these may require widening our conceptual apertures: Traditional models of bureaucracy and top-down organizations have struggled to take root in low-resource settings or to respond to quick-moving, ambiguous threats. New models offer promise for building these "dynamic capabilities" of institutions. These include networked organizations that serve as a clearinghouse for knowledge and resources, such as US Digital Response which matches volunteer technologists with requests for support from governments.
- **Collective action in a shifting and fragmented landscape of power** – Traditional institutions have been joined and displaced by other powerful – often less monolithic – institutions, resulting in a disjointed and shifting web of power. In this context, what kind of institutions can spur and organize collective action at society-wide scale, creating trust, commitment, and shared interest? How can we organize an ecosystem of relationships between many diverse institutions to change systems? Collective projects like Wikipedia or open-source software communities provide one hopeful model, ideas like "mission-oriented innovation," which propose a new role for government as a cultivator of markets and structures of innovation, are another.

- **Promoting equality, inclusion, and solidarity** – The above capabilities speak most directly to the functional effectiveness of institutions, but we also need institutions of the future to rectify power imbalances and create common visions that can establish legitimacy across deep divides. To do so, we need new models for participation, trust building, and representation in institutions, and for activating our identities as democratic citizens and members of shared “communities of fate.” Novel forms of citizens’ assemblies, direct democracy, and workers’ cooperatives provide hope. Most often discussed in the context of government, these innovations can be applied in business, international development, media, philanthropy, and beyond.

An agenda for future-ready institutions

What can be done to start building future-ready institutions, and how might The Rockefeller Foundation contribute? Change starts when those working on critical problems believe in the value of better institutions, understand how to make them better, see credible, practical paths forward for building or changing institutions, and have the resources needed to set down those paths. A few strategies are promising:

- **Articulate a new narrative of “institutions”** – The idea that our institutions are crumbling is in the post-pandemic zeitgeist. However, we should avoid a reflexive return to familiar mental models of institutions and power structures. For example, the institutions of the future could be creative and generative, rather than corrective and responsive. They might focus on connecting and coordinating, rather than mandating and executing. And they might seek participation and understanding, rather than consensus.
- **Connect innovative leaders and ideas** – Our thesis is that much of the new thinking we need is already out there – it’s a question of applying this thinking to solve big, real-life problems. Those working on missions and those innovating on models will gain from learning from each other, validating new approaches, and finding new collaborations – even across different sectors and challenges. A live inventory of new ideas and projects could be a modest first step, for example.
- **Make problem solving through better institutions practical, actionable, and accessible** – While The Rockefeller Foundation can and should apply thinking about the future of institution to our own programmatic work and organization, the agendas for institutional change will need to be set by many, not just ourselves and our partners. We can, however, provide ideas, tools, connections, and inspiration to help others act. This potentially could include evidence about when and how it is possible to decisively change institutional ecosystems.

- **Solve specific problems through innovations in institution-building –**
The best way to learn and build credibility is to make concrete progress on problems that are “big enough to matter, small enough to solve.” This likely means applying institutional innovations to new missions or other places where there is clear demand for new approaches, rather than attempting wholesale reform of big, entrenched organizations. Both problems we’ve suggested (climate and digital) are big and broad, but each contains more specific elements ripe for new work. Our long-term goal should be to support coalitions advancing specific new experiments and change efforts.

Making progress on any—let alone all—of these strategies will require time and collective effort, one that builds out from the many leaders and organizations already working on institutions. The idea of a distributed but cohesive “Future of Institutions” Dialogue series is our proposed first contribution to testing these strategies and accelerating our collective effort.