Information and Adaptation in a Public Service Sector: The Example of the Dutch Public Housing Sector

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Abstract

A public service sector can be conceived as a multi agent system subordinated to a principal, mostly a department of a national government. The agents are relative autonomous and have decisional discretion, as long as they respect the boundaries setup by law and legislation. The hierarchy is less compulsory than in a command-and-control structure. Central control opponents presume more adaptational capacities of semi-autonomous organizations. The line of thinking is that the distributed intelligence structures can cope better with variance in circumstances. Such a multi agent system would be more suitable to handle environmental complexity. The paper gives insight into the way such a particular kind of multi agent system makes decision on issues of adaptation. Empirical evidence from the case of the Dutch housing sector shows that the expectations of scientist and policy makers are exaggerated. The agents use strategies which reduces decisional complexity, whereby the adaptation to environmental circumstances is low and arbitrary and rationality of the adaptation is limited by self-reference and overconfidence. This observation provides new thoughts to the ongoing rationality debate.

Keywords: adaptation, MAS, portfolio management, nonprofit, KDD, overconfidence, self-reference, rationality

Biography

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