

Institutional Compass

An **institutional compass** is a comprehensive and holistic [multi-criteria decision aide](#) with an intuitive representation. It gives a sense of direction and intensity in terms of a quality.

The word “institution” comes from [institutional economics](#). An institution is any of: a habit or custom, a social norm or moral rule or a formal institution with explicit rules ([Vatn, 2005, 6 -7](#)). The institutional compass is comprehensive because the data is not pre-selected. Any important data can be included to create the compass representation. It is holistic because it is both quantitative and qualitative, where the qualities are not rankings of good or bad, but are *prima facie* neutral. One can adapt the compass to include a normative or ideological bias by creating a “[wish compass](#)” and by weighting data in accordance with the norm, a procedure called “[normative normalisation](#)”. It is multi-criteria in the sense of including any numerical data about the institution and its effects. The representation is intuitive because a whole table of data is calculated to yield one arrow on a coloured and labelled circle.

An example of an institutional compass:



Contents:

[History](#)

[Science](#)

[References](#)

History:

The institutional compass was developed by Michèle Friend between 2014 – 2022, resulting in the book: [The Institutional Compass; Method use and Scope](#). An early version of the method, adapted to the concerns of ecological economics in [Ecological Economics and Social Economic Movements: Science policy and challenges to global processes in a troubled world](#). The method of data analysis and compass construction was taught at George

Washington University and at Centrale Lille. In 2022 it is used in the [PRONOCYT](#) project to restore the Santiago River basin. An interactive world [quality map](#) is being developed.

Science:

The science consists in [data analysis](#) and [compass construction](#). We then use the construction for policy decisions by comparing the construction to the [wish-spot](#) on the compass and returning to the data. For policy direction, we concentrate on the data that pulls in the direction of, or against, the wish-spot.

[Data analysis:](#)

The compass representation is based on numerical data arranged in a table. Each datum is analysed in terms of a comparative norm or base-line to give the datum a length. Each datum is analysed in terms of a quality to give it an angle on a circle. The angles 0 – 120 are reserved for the general quality of harmony. The angles 120 – 240 are reserved for the general quality of discipline. The angles 240 – 360 are reserved for excitement.

The norm or base-line is chosen as a basis of comparison. What we choose as decision makers depends on the role played by the institution and what it is competing against. If the institution is a regional government, then the average of similar regions is a natural basis of comparison. If the institution is an industry, then the average of similar competing industries is a natural basis of comparison.

The basis of comparison gives us a measure of maximum, minimum and average of “normal”. Maximum is given the length of 1. Minimum is given the length of 0, and average is given the length of .5. Each datum is given a length according to this scale.

The angle is a qualitative measure. We start with three very general qualities: harmony, discipline and excitement. These are translations of: *sattva*, *raja* and *tamas*, respectively. They are the three [gunas](#) of Jain, Hindu and Buddhist philosophies. In these philosophies, they are spiritual virtues. People will exhibit one more than another. Some people are harmonious and content, others are showy and energetic, others are disciplined, serious, dark or gloomy. In these Ancient traditions, spiritual guidance is given to re-adjust a person with respect to the virtues. A meta-attitude is taken within each tradition: to seek balance between the three, to favour one over the others and to favour one to a greater or lesser extent at different phases of life.

Following [Kumar \(2007\)](#) we put aside the spiritual interpretation of the *gunas* and treat them simply as general qualities that can be applied to the non-spiritual: to objects or institutions. What is important is that each of these general qualities has sub-qualities. Those of harmony are: pure, good, constructive, respectful, pleasant, soft, easy, light, natural and seamless. Examples of sub-qualities of discipline are: dark, destructive, harmful, serious, painful, stinky, suppressive, abrasive, constricting, despotic, putrid, diseased, depressing, morbid, violent and invasive. Examples of sub-qualities of excitement are: active, plush, lively, confused, regal, sensational, sharp, hilarious, perfumed, exotic, brassy, colourful, showy and spectacular. Each sub-quality can be assigned a specific angle. Each datum is assigned an angle.

[Compass construction:](#)

The analysis is enough to give us a table of data. Each datum has a name, a length and an angle. To construct a compass representation we normalise the length. We divide the length of each datum by the number of data in that quality sector: harmony, discipline or excitement.

The method for constructing the compass representation begins by treating each datum as a vector on the circle. Add the data in each sector. Make a triangle with the points at the end of the three vector additions. Find the **centroid** of the triangle. Draw an arrow from the centre of the circle to the centre of the triangle. Depending on the placing of the wish-spot, we might normalise the length (by adding to it) because the centroid construction pulls the arrow inwards towards the centre of the circle. We now have an institutional compass. The arrow represents the qualitative direction in which the institution is heading.

Determining a wish-spot:

Determining a wish-spot is a philosophical exercise. We think of the three qualities. We then think of our institution. We ask ourselves: “in what quality would we like to find ourselves overall as an institution?” and “with what sort of intensity would we like to find ourselves? In that quality or combination of qualities?”. An example of a wish-compass:



As policy makers we can make the process of determining a wish-spot democratic. We can vote on the placement.

Policy making:

If the constructed compass reading lies within the wish-spot, then do not change policy. If it lies outside, then determine which data pulls the arrow away and which data pulls the arrow towards the wish-spot. Policy should discourage the data that pulls away, and encourage the data that pulls towards the wish spot.

References:

- Friend, Michèle. 2019. “A Policy Compass for Ecological Economics”. *Ecological Economics and Social Economic Movements: Science policy and challenges to global processes in a troubled world*. Autonomous Metropolitan University of Mexico. Pp. 71 – 88.
- Friend, Michèle. 2022. *The Institutional Compass: Method, Use and Scope*. Methodos, Springer Nature.
- Kumar, Satish. 2007. *Spiritual Compass; Three Qualities of Life*. Green Books Ltd. Foxhole, Darlington.
- Vatn, Arild. 2005. *Institutions and the Environment*. Edward Elgar.