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REFORM WITHOUT ENTRENCHMENT: HYBRID FISCAL STRUCTURES AND GOVERNANCE DURABILITY IN JORDAN AND SINGAPORE

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ABSTRACT

Why does sustained reform intensity fail to produce durable governance outcomes? This article argues that reform activation and institutional entrenchment are analytically distinct processes. It introduces the concept of governance durability, defined as the predictable stabilization of coordination architecture and mandate distribution across reform cycles. Drawing on fiscal political economy, the study develops a mechanism linking hybrid fiscal structures – where domestic taxation coexists with non-tax or externally derived revenues – to conditional rather than self-reinforcing entrenchment incentives. Empirically, the article compares Jordan and Singapore between 2011 and 2022, combining institutional tracing with longitudinal fiscal and foreign direct investment indicators. The findings demonstrate that reform intensity and administrative functionality can coexist with moderated intertemporal consolidation, providing a mechanism-based explanation for reform without entrenchment in globally integrated economies.

KEYWORDS: Governance durability, Fiscal political economy, State capacity, Institutional reform, Comparative political economy, Foreign direct investment, Jordan, Singapore.

1. INTRODUCTION

Why does sustained reform intensity fail to produce durable governance outcomes? In many reform-oriented, globally integrated economies, governments pursue continuous modernization strategies, regulatory restructuring, and institutional recalibration to signal credibility and competitiveness. Yet sustained reform does not uniformly generate cumulative institutional consolidation. Reform activation and institutional entrenchment often diverge.

This article explains that divergence by introducing the concept of governance durability, defined as the extent to which coordination architecture, regulatory mandates, and interpretive baselines remain predictably stable across reform cycles. A governance system may display administrative functionality, regulatory competence, and sustained reform activity while still exhibiting limited intertemporal stabilization. The analytical distinction is therefore not between reform and stagnation, but between reform activation and reform entrenchment (Reinecke et al., 2023)

The concept of governance durability differs fundamentally from state capacity, institutional resilience, and administrative effectiveness. While state capacity primarily refers to the ability of governments to formulate and implement policies effectively, governance durability focuses on the temporal stabilization of coordination structures across successive reform cycles (Fukuyama, 2013; 2016). Institutional resilience, by contrast, emphasizes adaptive survival under pressure rather than cumulative intertemporal consolidation. Therefore, a governance system may exhibit high administrative efficiency and adaptive resilience while remaining institutionally durable only conditionally.

The article advances a fiscal political economy explanation. It argues that hybrid fiscal structures—where domestic taxation coexists with non-tax or externally derived revenues—moderate entrenchment incentives without eliminating reform activism. In such environments, governments maintain incentives to signal modernization and sustain administrative functionality, yet the structural pressures driving cumulative institutional consolidation remain conditional rather than self-reinforcing (Tørsløv et al., 2023).

The proposed mechanism links fiscal structure to governance durability. Hybrid revenue systems reduce taxation-based bargaining intensity, producing conditional entrenchment incentives. Reform cycles remain frequent and administratively

implemented, but coordination architectures are periodically recalibrated rather than cumulatively reinforced. The result is a pattern of reform without entrenchment: governance systems that are adaptive and reform-oriented yet exhibit moderated long-horizon stabilization (Lovering, 2023).

Empirically, the article draws on comparative evidence from Jordan and Singapore between 2011 and 2022, using IMF fiscal data and World Bank governance indicators (IMF, 2023; World Bank, 2024). Both cases exhibit sustained reform intensity, administrative functionality, and integration into global capital markets, albeit with divergent trajectories in coordination durability and long-term investment credibility (Haggard, 2021).

This article contributes to comparative political economy by introducing the concept of governance sustainability as a distinct temporal dimension in institutional analysis. In contrast to approaches that infer institutional consolidation from the intensity of reform or administrative effectiveness, the article demonstrates how hybrid financial structures can support modernization and sustained reform activity while constraining cumulative institutional entrenchment across reform cycles. Accordingly, the study analytically differentiates between reform activation and governance sustainability, illustrating how globally integrated economies can maintain adaptive governance without fully establishing stable coordination structures.

2. THEORETICAL FRAMEWORK

2.1 *Modernization as Reform Activation*

In small, globally integrated economies, modernization increasingly takes the form of sustained reform activism. Governments adopt regulatory updates, strategic economic frameworks, and institutional recalibration to signal credibility to investors and international partners. Reform density thus becomes a visible marker of developmental intent. However, modernization through reform does not necessarily generate durable institutional consolidation. This article distinguishes between modernization as activation and modernization as entrenchment. Activation refers to the initiation and implementation of reform cycles, while entrenchment captures the cumulative stabilization of coordination arrangements across those cycles. Governance durability, therefore, cannot be inferred from reform intensity alone (Treinat et al., 2020).

In the context of economic globalization, institutional reforms have become closely linked to integration into global markets. Small states often adopt recurrent reform cycles to maintain

international credibility, attract investment, and enhance competitiveness. Consequently, reforms increasingly serve as signals of alignment with international governance and regulatory standards (Eilstrup et al., 2022).

Yet, the intensity of reform does not necessarily translate into long-term institutional stability. Many states succeed in initiating successive waves of administrative or economic reform, while remaining subject to periodic reconfiguration of authority and restructuring of implementation mechanisms. Political economy research on reform indicates that sustainability depends not only on effective implementation, but also on the capacity of political systems to transform reforms into durable and socially accepted institutional arrangements over time. When reforms remain tied to contingent pressures or external demands, they are more likely to generate temporary institutional adaptation rather than deeply embedded institutional frameworks (Maltby et al., 2023).

This challenge becomes particularly pronounced in small states and limited-size economies, where narrow social and political structures shape governance dynamics. The literature on small states highlights how personal relationships and informal networks often intersect with formal institutions, rendering processes of institutional consolidation more fragile despite ongoing reform activity. In such contexts, states may maintain a high degree of reform dynamism and administrative flexibility yet remain less capable of producing cumulative institutional stability that is insulated from recurring political and economic shifts (Veenendaal, 2024).

Accordingly, this study conceptualizes modernization as a multi-layered process that cannot be measured solely by the number or speed of reforms, but rather by their capacity to generate stable institutional rules over time. Reform, as a form of activation, reflects the dynamism of the state and its continuous responsiveness to international and developmental pressures; however, it does not in itself guarantee institutional consolidation. It thus becomes analytically essential to distinguish between states that exhibit high levels of reform activity and those that effectively translate such activity into long-term institutional sustainability.

2.2 Governance Durability as Temporal Consolidation

Governance durability is defined as the extent to which institutional coordination architecture, mandate distribution, and regulatory interpretation remain predictably stable across successive reform

cycles. Unlike state capacity, which reflects implementation effectiveness, governance durability is inherently temporal: it captures whether reform cycles accumulate into self-reinforcing institutional baselines. (Hegger et al., 2020)

A governance system may exhibit administrative competence and sustained reform activity while still undergoing periodic recalibration of implementing authority. When such recalibration becomes recurrent rather than cumulative, entrenchment incentives remain conditional, and long-horizon actors internalize governance arrangements as credible but not fully stabilized (Kakabadse, 2026).

The significance of the temporal dimension in governance stems from the fact that institutions are not evaluated solely by their capacity to manage policies at a given moment, but by their ability to sustain stable patterns of interaction and coordination over time. Contemporary institutional scholarship emphasizes that the stability of rules and procedures generates what is referred to as institutional expectations, whereby economic and administrative actors operate on the assumption that regulatory frameworks will persist without frequent disruption. As these expectations become more stable, institutions are better positioned to attract long-term investment, enhance public trust, and reduce uncertainty-related costs. Accordingly, governance sustainability is closely tied to the institutional system's capacity to produce predictable continuity, rather than merely short-term administrative effectiveness (Farooq et al., 2022).

Governance sustainability is also closely linked to the concept of path dependence, which posits that past decisions and reforms cumulatively shape the future trajectories of institutions. When reforms successfully establish stable rules, institutions tend to reproduce existing coordination patterns rather than continuously restructuring them. Conversely, when institutional arrangements remain subject to frequent modification, the accumulation of organizational expertise is constrained, and the development of a stable institutional memory is weakened. In such contexts, the absence of temporal consolidation renders reforms as episodic or cyclical interventions rather than components of a coherent and cumulative institutional trajectory (Tangney, 2024).

Moreover, the governance and public administration literature underscores that institutional stability does not imply rigidity or resistance to change; rather, it reflects the capacity of institutions to adapt without undermining their core rules. Sustainable institutions are those capable of integrating new reforms within a relatively stable

coordination framework, ensuring that change occurs cumulatively rather than through repeated structural re-foundation. In this sense, sustainable governance depends on achieving a balance between flexibility and institutional coherence, as excessive restructuring may erode continuity—even when driven by objectives such as efficiency improvement or administrative modernization (Salvador et al., 2023).

This issue is particularly salient in small economies and externally oriented states, where governments face continuous pressure to demonstrate adaptability to global transformations. Such external exposure often compels governments to adopt successive waves of administrative and regulatory reforms to maintain international credibility. However, the acceleration of reform processes may generate a condition of “permanent reform,” which inhibits the transformation of institutional rules into stable and deeply embedded arrangements. As a result, the state may appear as an active reformer, while its institutional structure remains in a constant state of reconfiguration that limits its capacity to produce long-term sustainability (Veenendaal, 2018).

From a political economy perspective, governance sustainability also shapes the behavior of economic and social actors. Investors, financial institutions, and government bureaucracies base their decisions on expectations regarding the stability of policies and institutional mandates. When authority is frequently redistributed or regulatory frameworks repeatedly adjusted, long-term investment becomes more cautious, and institutions tend to adopt short-term strategies rather than commit to enduring arrangements. Thus, weak institutional consolidation extends beyond administrative implications, influencing the broader patterns of economic and social behavior within the state (Farooq et al., 2022).

Accordingly, this study proposes that governance sustainability should be understood as a temporal process of accumulating institutional credibility, rather than merely a technical capacity for policy implementation. Systems that succeed in embedding stable rules over time are better equipped to generate long-term expectations and reinforce institutional trust. By contrast, systems that rely on continuous recalibration without clear institutional accumulation remain prone to a form of “conditional stability,” wherein institutions appear functional and reform-capable, yet lack deep-rooted resilience and long-term sustainability.

2.3 Fiscal Structures and the Modulation of

Entrenchment

To explain why reform activation does not uniformly translate into entrenchment, the framework draws on fiscal political economy. Fiscal structures shape the intensity of institutional bargaining and condition the incentives for cumulative consolidation.

Many contemporary small states operate within hybrid fiscal environments that combine domestic taxation with non-tax revenues, strategic transfers, or external inflows. These configurations do not eliminate modernization pressures; rather, they sustain reform activism under global exposure. However, where reliance on domestic taxation is partial rather than deeply institutionalized, entrenchment incentives become conditional rather than self-reinforcing (Galindo, 2020).

Fiscal structure therefore functions as a conditioning variable linking reform activation to the depth of institutional consolidation.

The relationship between financial systems and institutional consolidation is rooted in a central proposition of political economy: that patterns of public revenue directly shape the nature of state-society relations. States that rely heavily on domestic taxation are typically compelled to develop more stable and accountable institutions, given their ongoing need to negotiate with economic and social actors. The literature on the fiscal state highlights that the historical development of tax capacity has been closely associated with the emergence of more stable institutions, stronger political representation, and more structured administrative systems. By contrast, systems that depend on non-tax revenues or external inflows can sustain high levels of spending and reform activity without facing equivalent bargaining pressures, thereby weakening incentives for long-term institutional consolidation (Albers et al., 2022).

Hybrid fiscal systems, which combine domestic taxation with external and non-tax revenues, enable governments to sustain reform efforts while reducing pressures for cumulative institutional consolidation. As a result, reforms may prioritize adaptability and global integration over long-term institutional entrenchment (Savoia et al., 2023).

Financial structures also shape bureaucratic incentives within the state. In systems that rely predominantly on domestic revenues, public institutions tend to develop more stable regulatory frameworks to strengthen tax credibility and ensure sustained compliance. In hybrid financial environments, however, the continued flow of resources from multiple sources allows for the redistribution of authority and institutional

restructuring with relatively low immediate political costs. This dynamic produces a pattern of non-cumulative institutional flexibility, in which institutions remain adaptive but are less inclined to generate stable and deeply embedded rules over time (Farooq et al., 2022).

Recent studies suggest that revenue sources shape not only economic policy but also institutional stability. States that rely on external or non-tax revenues can sustain reform and modernization efforts, yet they often remain more prone to institutional recalibration over time (Walker, 2023).

Within this framework, the study does not assume that hybrid financial structures necessarily lead to weak governance or failed modernization. Rather, it argues that they produce a distinct form of institutional stability—one characterized by conditional continuity and a high degree of adaptability, rather than by deeply accumulated and self-reinforcing institutional structures. Hybrid systems may thus sustain reform dynamism and economic flexibility yet remain less likely to generate enduring institutional consolidation over time (Okeke & Emenike, 2023).

Accordingly, the financial structure is treated not merely as an economic variable, but as an explanatory factor that shapes the relationship between reform and institutional consolidation. The deeper and more institutionalized the reliance on domestic taxation, the greater the likelihood of stable institutional accumulation. Conversely, when resources are distributed across taxation, external inflows, and non-tax revenues, reforms tend to remain in a state of continuous adaptation—resulting in sustained modernization without full institutional consolidation.

2.4 Mechanism: From Hybrid Fiscal Systems to Conditional Entrenchment

The proposed mechanism unfolds sequentially (Holland, 2021):

1. Hybrid fiscal structures moderate taxation-based bargaining intensity. Because governments operating under hybrid revenue environments are less structurally dependent on deeply institutionalized taxation bargaining, institutional restructuring carries lower long-term political costs. This increases the likelihood of periodic recalibration rather than cumulative institutional entrenchment across reform cycles.

2. Moderated bargaining produces conditional entrenchment incentives.

3. Reform cycles proceed under sustained modernization strategies.

4. Coordination architecture is periodically recalibrated rather than cumulatively reinforced.

5. Long-horizon expectations become conditionally anchored.

6. Governance durability remains moderate rather than cumulative.

This mechanism explains how sustained reform activism can coexist with limited intertemporal consolidation. Reform without entrenchment is not a failure of modernization, but a structurally conditioned outcome of fiscal incentive environments.

This mechanism is grounded in the assumption that patterns of public revenue indirectly shape the dynamics of institution-building. When the state relies, even partially, on non-tax revenues or external inflows, the need to establish deep and stable institutional bargains with domestic actors diminishes. Rather than emerging from long-term negotiated settlements, governance arrangements tend to become more flexible and subject to periodic recalibration. In this context, reforms function primarily as instruments for maintaining efficiency and competitiveness, rather than as a gradual process of cumulative institutional development (Brik, 2024).

The mechanism further demonstrates that the persistence of reform does not necessarily imply institutional stability. A state may sustain high levels of regulatory activity and administrative modernization while continuing to redistribute authority or reconfigure coordination centers in response to economic shifts or external pressures. As a result, institutions remain in a state of continuous adaptation rather than transitioning into full institutional consolidation—reflecting the non-linear and incremental nature of institutional change (Faguet & Shami, 2022).

This dynamic also shapes the behavior of economic and administrative actors. When governance rules are subject to frequent recalibration, investors and bureaucrats tend to form conditional expectations rather than relying on assumptions of full stability. In other words, confidence in institutions becomes tied to their capacity for ongoing adaptation, rather than their ability to preserve fixed rules over time. This gives rise to a form of flexible stability, in which institutions appear effective and capable of managing reform, yet remain less likely to evolve into self-reinforcing structures. From a historical institutionalist perspective, this mechanism suggests that modernization does not lead to a uniform trajectory of state-building. Some states develop cumulative and stable institutional frameworks due

to their reliance on intensive domestic fiscal bargaining, while others move toward more flexible governance patterns shaped by their financial structures and external exposure. The key distinction, therefore, lies not in the presence or absence of reform, but in the underlying structural incentives that determine whether reforms translate into long-term institutional consolidation or remain within a state of continuous adaptation (Baker et al., 2022).

This explanatory mechanism also helps account for how some states maintain high levels of administrative efficiency and economic openness despite limited institutional consolidation. The absence of full institutional accumulation does not necessarily signal state weakness or governance failure; rather, it may reflect an alternative mode of managing modernization based on flexibility and ongoing recalibration. Accordingly, the study proposes that governance sustainability in hybrid financial environments should be understood as a form of conditional sustainability—characterized by continuity and adaptability yet bounded by limits in long-term institutional consolidation.

2.5 Positioning Governance Durability within Existing Literature

The notion of the durability of governance is an extension, but a step further, of the current literature on the formation of the state and fiscal organization. Proposed by Hazem Beblawi and Giacomo Luciani, classical rentier state theory focuses on the importance of being dependent on the revenues that are externally obtained as it leads to the decrease in the accountability through taxation and undermines the demands on the institutional development. The developmental state literature, especially in East Asia as theorized by Peter Evans, contrasts with the role of embedded autonomy and robust bureaucratic capacity to achieve long-term institutional consolidation (Bauer, et al., 2021).

Nevertheless, both methods assume that the fiscal structure is a fixed determiner of institutional performance: institutional development is facilitated or hampered by structure in a linear fashion. In this regard they give minimal detail on the dynamics of time in which institutions can stabilise, adapt or recalibrate over successive reform cycles. The paper adds value to literature by proposing the durability of governance as a time analytical aspect. In place of paying attention to the presence or absence of institutional capacity, the concept captures whether repeated reform cycles build up to stable coordination architectures in the course of time. It

thus turns the analytical emphasis on the institutional existence towards intertemporal stabilization (Mahoney, et al., 2015).

With a focus on hybrid fiscal structures, the discussion reveals that the states can maintain a high degree of reform activity without cumulative institutional entrenchment. Reform activation continues in these situations, but the incentive to stabilize in the long run is conditional and not self-reinforcing. Doing this, the study presents a bridge in the mechanism-based relationship between rentier and developmental state literatures. It demonstrates that the interaction of the fiscal structure with institutional outcomes is not determined, but it is conditional on the incentive structures that are produced by hybrid revenue structures. Governance durability therefore captures the influence of the fiscal environment to not only determine the role of the institution, but also its stabilization over a period (Yamada, 2020).

In addition, the study contributes to expanding the debate within historical institutionalism, particularly regarding the concept of path dependence. Traditional literature assumes that successful reforms gradually generate more entrenched and stable institutions over time; however, recent scholarship in historical institutionalism suggests that institutional change can be incremental, non-linear, and does not necessarily lead to self-reinforcing accumulation (Béland & Powell, 2022).

This perspective also offers a theoretical contribution to the literature on governance and public administration reform by distinguishing between reform effectiveness and institutional stability. Many studies assess governance success in terms of the state's capacity to implement policies or maintain administrative performance, yet they do not sufficiently differentiate between operational efficiency and long-term institutional consolidation. In this context, the concept of governance sustainability proposes that institutions may be effective and capable of adapting to international pressures, while simultaneously remaining less able to produce stable and predictable regulatory frameworks over time. Accordingly, the analysis focuses not only on whether institutions function efficiently, but also on whether they can embed stable coordination patterns that persist beyond successive reform cycles.

Finally, the study contributes to reinterpreting the relationship between modernization and economic openness from a non-linear perspective. Rather than if integration into the global economy and

continuous reform automatically lead to deeper institutional development, the study demonstrates that modernization outcomes depend on the nature of the financial environment and the incentives it generates. Consequently, some small and globally open states may achieve high levels of administrative modernization and economic reform while still exhibiting limited or conditional institutional consolidation. In this sense, the concept of governance sustainability provides an analytical framework for explaining how high reform dynamism can coexist with constrained long-term institutional stability over time.

The theoretical framework generates three analytical expectations.

Expectation 1: Hybrid fiscal structures are associated with sustained reform activation but moderated institutional entrenchment.

Expectation 2: Under hybrid fiscal environments, coordination architectures are more likely to experience periodic recalibration across reform cycles rather than cumulative stabilization.

Expectation 3: Conditional institutional stabilization is associated with less stable long-horizon expectation anchoring, observable in fluctuating medium-term investment behavior.

3. RESEARCH DESIGN

3.1 Analytical Strategy

This study employs the mechanism-based comparative design in investigating the impact of hybrid fiscal systems on governance durability under continued reform intensity. For this purpose, Jordan and Singapore have been chosen as comparison cases, where Jordan is a representative example of hybrid fiscal system partly based on foreign incomes, whereas Singapore features a more entrenched institution with taxation together with state-owned companies' income. The years 2011 through 2022 are considered in order to take into account important episodes of reforms such as economic crises and measures related to the COVID-19 pandemic.

The proposed sequential pathway within the theoretical framework—fiscal moderation, conditional entrenchment, and moderated durability—is tested against empirical manifestations in terms of institutional dynamics and individual behavior. This methodology includes institutional tracing along with longitudinal macroeconomic indicators. Institutional dynamics is traced over reform rounds to evaluate coordination durability, while the observed fiscal structure and trends in foreign direct investments (FDIs) act as indicators of entrenchment and long-term

expectations formation.

It is possible to perform mechanism-based inference without relying on econometric identification (Beach et al., 2019). The following data resources will be used: the World Bank World Development Indicators, IMF fiscal statistics, Transparency International, and government documents.

3.2 Case Selection Logic

The comparative case study examines the experiences of Jordan and Singapore from 2011 to 2022. Both nations were chosen based on their status as small but highly globalized economies characterized by a consistent level of reform intensity, though the two exhibit distinct fiscal configurations as well as different dynamics of coordination durability. Jordan exemplifies a hybrid fiscal system dependent on external financing and nontax revenues, whereas Singapore features a consolidation of its fiscal policy through taxation and sovereign/state-affiliated capital gains.

The approach recognizes hybrid fiscal policies as existing along a continuum and not a dichotomy, thereby permitting a focused analysis of the effects of these fiscal frameworks on entrenchment incentives. Though the two nations possess varying qualities with respect to their political regime, both remain functional in terms of administration and reform orientation over the research timeline. In effect, this allows an investigation into whether fiscal configuration impacts the durability of governance under consistent reform intensity (Schmidt, 2020).

3.3 Operationalization

The application of the core variables takes the following course in the research

Criteria for selection of indicators:

- Relevance to the notion of governance durability;
- Comparability between Jordan and Singapore for the period of 2011 – 2022;
- Common practice in international studies on governance and institutional effectiveness;
- Ability to reveal connection between fiscal structure and institutional consolidation.

Indicators applied in the study:

- Reform intensity: Based on documented evidence regarding reforms and institution-building practices, including strategies employed within the period of 2011-2022;
- Fiscal structure: Estimated by means of tax

share in GDP, proportion of non-tax and external revenue to total amount, and general dynamics as measures of dependence on domestic taxes as opposed to mixed sources of revenue;

- Governance durability: Estimated by evaluating consistency in coordination framework, distribution of mandates within implementing institutions, continuity of regulatory interpretations, and FDI flows stabilization in a medium term horizon. The FDI figure is used as an indicator of expectations anchoring behavior, rather than institutional effectiveness.

- Sources of data: World Bank World Development Indicators, IMF fiscal statistics, Transparency International, and official documents.

3.4 Scope Conditions and Analytical Boundaries

This approach can be easily seen under circumstances when there is consistent intensity of reforms, continuity of the effectiveness of administrative processes, fiscal hybrids, and interaction with the global capital market. The research will be conducted by studying Jordan and Singapore, as it will show whether or not institutional and behavioral trends match the described model of "reform without entrenchment" in Section 2.

The approach does not seek universality in describing any fiscal institutions. Rather, it will assess the degree to which institutional restructuring, coordination, and expectations of investors match the theory behind the described reform mechanism.

Table 1 represents a comparison of indicators of income from taxes and foreign direct investments in Jordan and Singapore over the period from 2011 to 2022.

Table 1 Comparative Indicators of Tax Revenue and FDI (Jordan & Singapore, 2011–2022).

Indicator	Jordan (2011)	Jordan (2022)	Singapore (2011)	Singapore (2022)
Tax Revenue (% GDP)	14.6	17.5	13.1	11.8
FDI Inflows (% GDP)	5.0	2.6	17.6	29.4

Source: Author's compilation based on World Bank World Development Indicators (2024).

However, what is demonstrated from the comparison is the fact that even though there is persistence in the intensity of reform, there are differences in fiscal configurations. The fiscal structure in Jordan is that of a mixed source of revenue, while there is greater fiscal consolidation in Singapore.

4.2 Reform Cycles and Coordination Architecture

Both cases display sustained reform activation throughout the study period. Strategic economic initiatives, regulatory adjustments, and administrative reforms are observable in each context, and administrative functionality remains intact.

The divergence lies in coordination durability.

In Singapore, reform initiatives are layered onto relatively stable institutional frameworks. Major Singaporean institutions such as the Economic Development Board (EDB), the Monetary Authority of Singapore (MAS), and long-term strategic planning agencies retained relatively stable coordination mandates throughout successive reform cycles. Rather than repeated redistribution of authority, reforms were typically incorporated

through institutional layering and incremental policy adaptation within established coordination frameworks. This continuity reinforced long-horizon governance predictability and strengthened cumulative institutional stabilization over time.

Core agencies retain consistent mandates across reform cycles, and organizational adjustments tend to reinforce existing coordination structures. This pattern reflects cumulative stabilization of coordination architecture. In Jordan, reform cycles are similarly sustained, but coordination architecture is more frequently recalibrated. Institutional restructuring and redistribution of implementing authorities accompany successive reform initiatives. While these adjustments reflect adaptive governance rather than dysfunction, their recurrence limits cumulative reinforcement of coordination baselines (Trein et al. 2021).

This trend is captured in institutional restructuring reforms, such as merging or scrapping independent agencies under successive reform cycles. These changes are usually framed as attempts to improve administrative efficiency or enhance governance performance. Nevertheless, within the fiscal political economy literature, such institutional adjustments can be more responsive to fiscal

incentives than to technocratic efficiency considerations. Recent scholarship on rentier and hybrid governance systems shows that reliance on non-tax revenues, sovereign wealth funds, and external inflows enables states to restructure rather than entrench institutions, as fiscal pressures from taxation are weakened and accountability channels remain limited (Trudelle, 2024; Walker, 2023). In such contexts, institutional change often reflects adaptive strategies of regime stability rather than linear bureaucratic consolidation, as fiscal abundance allows continuous reconfiguration of administrative mandates without necessarily producing durable institutional entrenchment (Ben Brik, 2025). Consequently, the structural forces of long-term institutional entrenchment are weakened in hybrid fiscal systems where non-tax revenues reduce the necessity of domestic taxation and thus diminish

institutional lock-in. Therefore, the reallocation of mandates and restructuring of organizational architectures are not merely administrative reflexes but are conditioned by fiscal structures that shape incentives for institutional stability and transformation over time.

In the case of Jordan, this trend can be justified by institutional changes that can be witnessed. Reform periods have also been characterized by a move to merge, abolish or restructure independent bodies with their mandate most times shifted to central institutions. Interestingly, there were a few restructuring events that were in tandem with externally sponsored reform programs and especially those sponsored by the International Monetary Fund that focused on fiscal tightening, contained spending and efficiency in using resources (International Monetary Fund (2025).

Table 2: Institutional Restructuring and Coordination Recalibration across Reform Cycles in Jordan (2011–2022).

Year	Reform Cycle	Institutional Restructuring	Implication for Governance Durability
2012	IMF-supported fiscal adjustment program	Restructuring and consolidation of independent public bodies	Increased mandate redistribution and centralized coordination
2016	Public sector and administrative reform agenda	Merging of sectoral agencies into ministerial structures	Periodic recalibration of coordination architecture
2018	Fiscal and income tax reform program	Expansion of executive oversight over implementation mechanisms	Conditional rather than cumulative institutional stabilization
2020–2022	Post-pandemic fiscal adaptation and recovery reforms	Reorganization of implementation and regulatory arrangements	Adaptive governance without full institutional entrenchment

Source: Author's compilation based on World Bank World Development Indicators (2024).

Examples include restructuring measures accompanying IMF-supported fiscal adjustment programs after 2012 and administrative consolidation reforms implemented after 2016, where several independent agencies were merged into central ministries or subjected to mandate redistribution in the name of fiscal efficiency and governance rationalization (Alsharari, et al., 2021).

Institutional restructuring in this case would not be viewed as a technocratic response as a way of enhancing performance. Instead, it is an expression of how the fiscal constraints and external financing conditions affect the institutional design. Not only policy decisions are influenced by external inflows and financing pressures, but the structure of governance arrangements is as well, which reinforces a trend of conditional entrenchment. Therefore, the institutional arrangements are dynamic and recalibrated periodically, as opposed to having cumulative stabilization over time (IMF, 2025).

This contrast is consistent with the expectation that hybrid fiscal structures moderate entrenchment incentives while preserving reform activation.

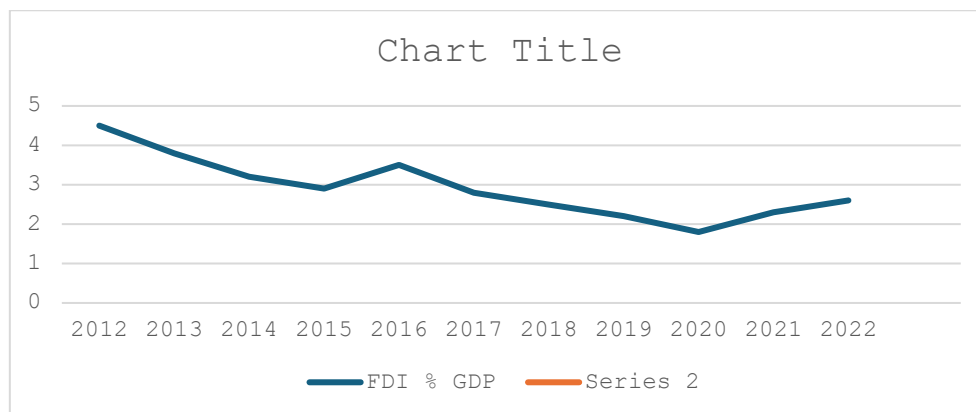
Chart No. (1): Fluctuations in foreign direct investment and reform cycles in Jordan (2011–2022).

4.3 Investment Stabilization as Expectation Anchoring

Foreign direct investment (FDI) provides a behavioral proxy for long-horizon expectation formation. Because FDI involves sunk costs and multi-year commitments, it reflects assessments of governance predictability rather than short-term policy signals.

Between 2011 and 2022, Singapore maintains relatively high and stable FDI inflows as a percentage of GDP, despite global fluctuations. This pattern indicates sustained expectation anchoring and institutional predictability.

Jordan's FDI inflows display greater fluctuation across reform cycles. While reform episodes correspond with renewed engagement, medium-term stabilization remains conditional. This pattern is consistent with moderate expectation anchoring within a reform-intensive but structurally recalibrating governance environment.



World Bank. (2024). Foreign direct investment, net inflows (% of GDP) – Jordan. World Development Indicators. Retrieved from <https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?locations=JO>

The figure shows how foreign direct investment (FDI) inflows in Jordan change with the time of economic reform cycles during 2011-2022. FDI inflows exhibit the volatility pattern, instead of a cumulative upward trend, with temporary spikes in the inflows at times of significant reforms, including the IMF-supported adjustment program of 2012, economic reform agenda of 2016, and income tax reforms of 2018. These gains are followed then by new downfalls or further oscillations.

This trend reveals that foreign investment in the Jordanian example is very responsive to the short-term changes of reforms, instead of a long-term commitment to institutional stability. FDI behavior in this regard may be described as conditionally anchored: inflows do respond to the timing of the activation of reforms, but do not settle down to long-horizon expectations.

This empirical trend is direct proof of the theoretical mechanism that is promoted in this research. The sustainability of reform under hybrid fiscal frameworks is made possible to avoid the build-up of institutional entrenchment. Therefore, there is conditional and not self-reinforcing expectation formation in investment behavior, which argues further that the level of reform density does not lead to long-lasting governance results.

Taking together, these patterns support the mechanism proposed in Section 2: reform intensity is sustained in both cases, but the depth of intertemporal stabilization diverges.

4.4 Comparative Synthesis

The empirical evidence supports four main conclusions (Elayaha, et al, 2025):

First, both Jordan and Singapore demonstrate sustained reform activation and administrative functionality. Reform intensity is not the source of divergence.

Second, fiscal composition differs in ways consistent with variation in entrenchment incentives.

Third, coordination architecture in Singapore exhibits cumulative stabilization, whereas in Jordan it remains more episodically recalibrate.

Fourth, long-horizon investment behavior reflects these institutional dynamics, with stronger stabilization in Singapore and more conditional anchoring in Jordan.

Overall, the findings indicate that hybrid fiscal structures condition governance durability by modulating the structural incentives for cumulative institutional consolidation. Reform without entrenchment thus emerges as a patterned institutional outcome rather than a reflection of institutional weakness.

5. DISCUSSION: RETHINKING REFORM AND GOVERNANCE DURABILITY

In addition to descriptive comparison, the results lead to a more profound structural logic of connection between fiscal arrangements and institutional stabilization patterns. Instead of taking reform intensity as a linear route to institutional consolidation, as it is analyzed, reform exists in a conditional incentive space that is conditioned by hybrid fiscal forms. This implies that not only does governance durability depend on a reform density or administrative capacity, but also a time-dependent consequence mediated by the interplay between fiscal incentives and the structure of coordination. In this regard, the empirical regularities of Jordan and Singapore support the mechanism identified in Section 2.4, emphasizing the effects of fiscal modulation to the formation of the dynamics of the conditional entrenchment.

This work adds to the comparative political economy literature by providing the so-called concept of governance durability as a new theoretical

aspect that reflects the time-dependent nature of institutional consolidation. Unlike classical approaches both in rentier state theory, as formulated by Hazem Beblawi and Giacomo Luciani, which emphasize the deterioration of institutional accountability when under external reliance on revenues, and in developmental state theory, especially in the work of Peter Evans, which underlines the importance of strong bureaucratic capacity to permit institutional entrenchment in the long run, this paper shows that the relationship between reform and institutional consolidation is conditional rather than linear.

Rather, the results suggest that the presence of high reform strength can be accompanied by low institutional entrenchment, especially in hybrid fiscal systems that are based on both tax and non-tax revenues. On the one hand, these constructions maintain the momentum of reform, as well as administrative functionality, but on the other hand, they undermine the structural incentives of cumulative and stable institutional consolidation.

The findings challenge a common assumption in governance scholarship: that sustained reform intensity signals durable institutional consolidation. While both Jordan and Singapore exhibit reform activism and administrative functionality, the empirical evidence demonstrates that reform activation and governance durability are analytically distinct processes.

5.1 Modernization Without Consolidation

The analysis suggests that modernization in reform-intensive, globally integrated economies often operates as continuous institutional recalibration rather than cumulative consolidation. Reform density can generate administrative responsiveness and signal credibility without producing stable coordination baselines. As the comparison shows, similar levels of reform intensity may result in different consolidation trajectories depending on underlying structural conditions. Modernization should therefore be understood as a process that does not inherently guarantee institutional entrenchment.

5.2 Fiscal Modulation and Conditional Entrenchment

The findings refine fiscal political economy by identifying fiscal structure as a conditioning variable rather than a deterministic factor. Hybrid revenue environments sustain reform incentives under global

exposure but moderate the depth of entrenchment by limiting taxation-based bargaining intensity. This produces conditional rather than self-reinforcing institutional consolidation. The mechanism linking fiscal structure to governance durability is thus supported empirically: reform cycles persist, but their cumulative effects remain moderated.

5.3 Rethinking Indicators of Governance Performance

The results also highlight limitations in conventional governance indicators. Measures of administrative effectiveness and regulatory quality capture implementation capacity but do not necessarily reflect intertemporal stability. Governance durability requires attention to coordination continuity, mandate stability, and expectation anchoring. Incorporating these temporal dimensions can improve comparative assessments of reform-intensive systems.

Taken together, the findings demonstrate that reform without entrenchment is not a sign of institutional weakness but a structurally conditioned outcome. Hybrid fiscal structures allow for sustained reform activation while moderating cumulative institutional consolidation. This distinction enhances analytical precision in understanding governance dynamics under conditions of globalization.

6. CONCLUSION

This article has argued that sustained reform intensity does not necessarily produce durable governance outcomes. By distinguishing reform activation from governance durability, it advances a mechanism-based explanation linking hybrid fiscal structures to conditional institutional consolidation.

The comparative analysis of Jordan and Singapore shows that modernization activism and administrative functionality can coexist with differing levels of intertemporal stabilization. Reform density alone does not ensure cumulative institutional entrenchment. Instead, fiscal composition conditions the incentives that shape coordination durability and long-horizon expectation anchoring.

These findings refine how credible commitment is understood in reform-intensive, globally integrated economies. Governance durability cannot be inferred from reform frequency or implementation capacity alone. It depends on whether successive reform cycles generate stable coordination baselines or remain structurally recalibrative.

More broadly, the study contributes to governance and development research by

introducing temporal consolidation as a distinct analytical dimension. This perspective enables a more precise assessment of institutional dynamics in small open economies operating under hybrid fiscal conditions.

Future research may extend this framework by examining additional cases and refining empirical measures of coordination stability and expectation anchoring.

The findings suggest that many contemporary

reform-intensive states may be better understood not as weak institutionalizers, but as systems operating under structurally conditional forms of governance stabilization shaped by globalization, fiscal hybridity, and continuous adaptation pressures.

Reform without entrenchment is not a sign of institutional weakness. It is a structurally conditioned governance outcome shaped by fiscal incentive environments.

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