



Public Management Reforms in Europe – Taking Stock after 20 years

Charts

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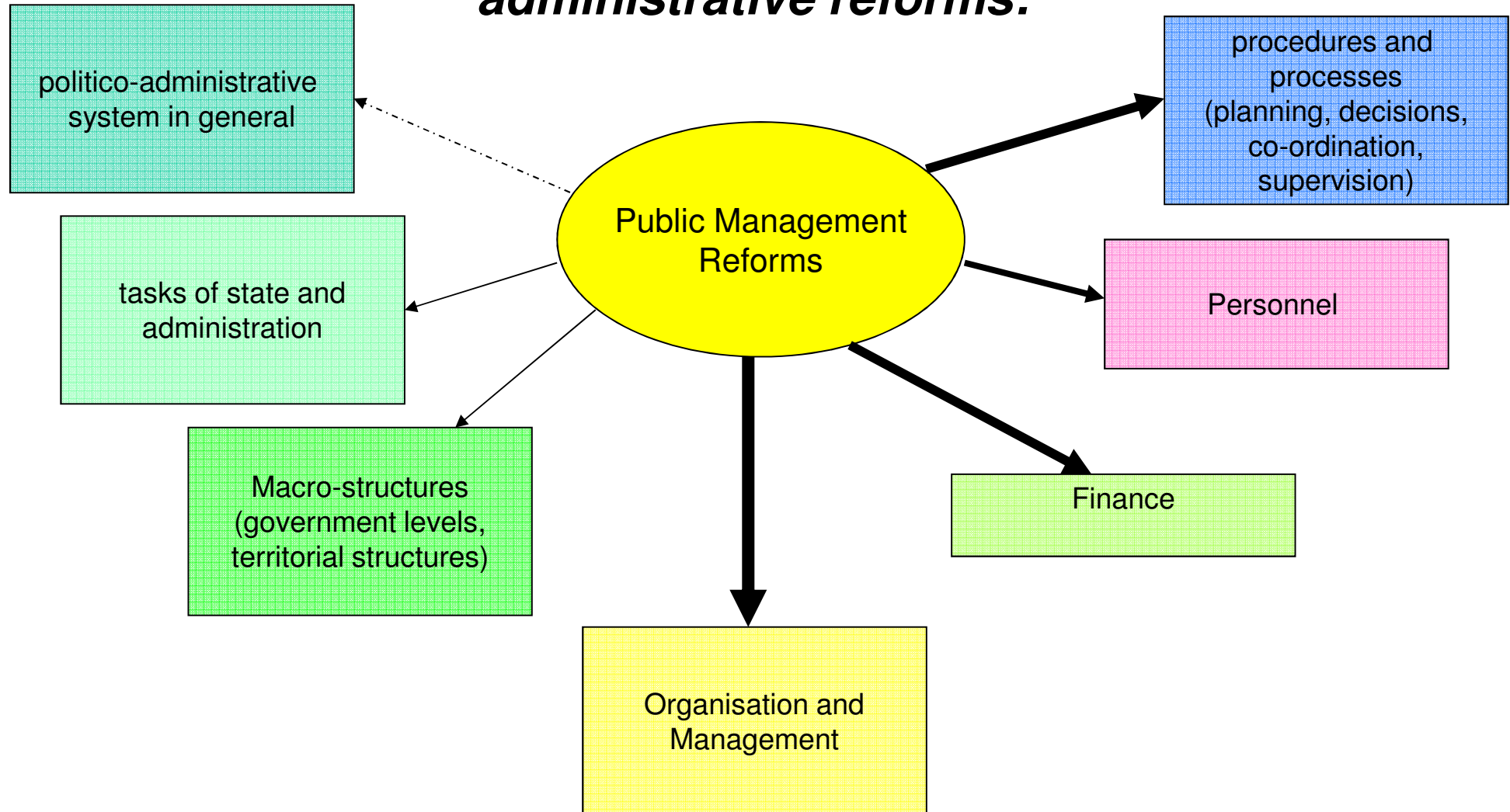


Content:

1. New Public Management: the concept and doctrine
2. Country examples
3. Evaluation of public management reforms

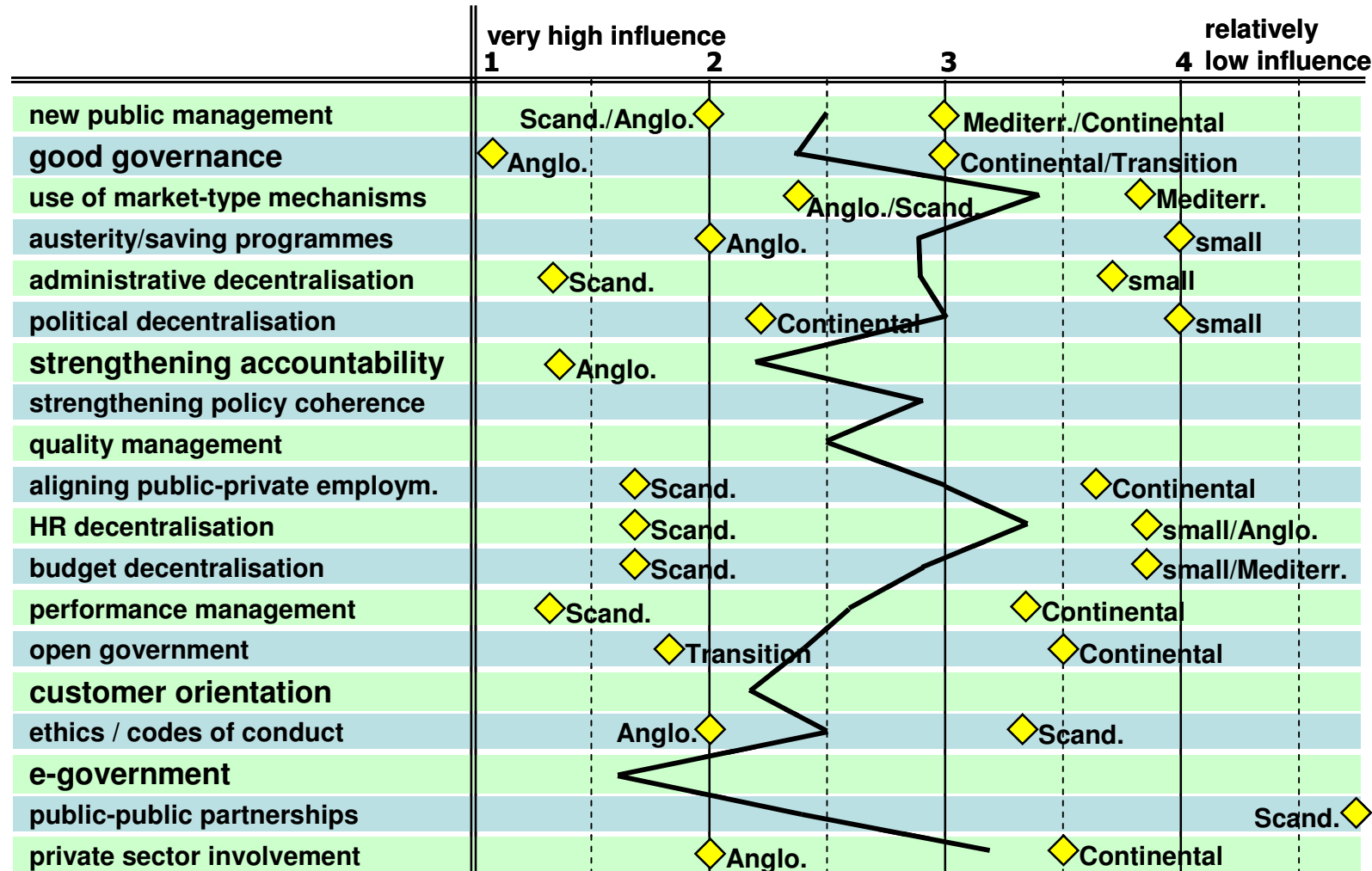


Variants of state and administrative reforms:





Actual reform issues in Europe (view of senior bureaucrats)





Major reasons of public management reforms:

- Ideological positions (e.g. neoliberalism; belief in markets)
 - Changing expectations towards the (welfare) state
 - Decreasing legitimacy
 - Fiscal stress and cutback
 - Increasing complexity of problem solving processes
 - Blurring borderlines between state and business sector
 - Increasing problems of steering and controlling bureaucracy
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- But also: imitation, following fashion waves, international pressures (e.g. from EU, from donors)



new public management

the world-wide movement and doctrine of NPM:

- early starters: UK (Thatcher) and Australia in the late 70s
- in the mid and late 80s: numerous followers (NZ, USA, Sweden, The Netherlands etc.)
- in the 90s: latecomers like Germany, Switzerland, some southern-European states
- several NICs and developing countries have also followed (controversial debate!)
- although rhetorics of reform are quite comparable around the world, there are remarkable differences
- although there are hundreds of books and brochures dealing with NPM; there is little empirical evidence about what really changed



new public management

Areas of state modernization (from NPM perspective):

- I. redesigning role and functions of the state (core tasks, perception of “state”)
- II. internal restructuring of public sector organisations (decentralization, performance management etc.)
- III. strengthening of market mechanisms and of competition („marketization”)
- IV. enabling and empowering citizens, improving customer orientation, intensifying participation



new public management

Module I - Functions and Roles of the State:

- concentration on the enabling and ensuring role of the state
- focus at core tasks and core competencies of the state
- privatization and deregulation
- contracting-out
- downsizing of workforce

Module II – Internal management reforms:

- reduction of hierarchies
- goal- and result-orientation
- decentralization of responsibilities and competencies
- management contracts and internal markets
- new financial management (accounting, budgeting)
- HRM reforms (e.g. performance related salaries)



new public management

Module III – Marketization and Competition:

- market-type-mechanisms
- competitive tendering
- voucher systems
- benchmarking and performance awards

Module IV – Democratization and Citizen Orientation:

- increased participation (direct democracy)
- introduction of one-stop-offices (citizen bureaus)
- regular customer need's analysis
- complaints management



new public management

Two modernisation perspectives of NPM:

A. view on the external factors and relations:

- core functions
- democratization
- marketization
- service orientation to citizens

B. view on the internal structures:

- reorganisation
- decentralisation
- strengthening accountability
- goal/result/outcome orientation
- financial management
- personnel management



public management reforms and patterns of public administration:

public management reforms have to respect the administrative traditions and cultures of reforming countries, e.g.

- role of law and of regulation (e.g. the Napoleonic tradition)
- impact of existing civil service systems
 - e.g. educational patterns [law]
 - socialisation of personnel
 - career systems (e.g. *grand corps*)
- administrative structures at macro and meso level and role of hierarchy
- path dependency of administrative structures, cultures and functions!
- no „one size fits all“-type of public management reforms!

(see the cases of France and Germany in Proeller/Schedler 2005)



Some country examples:

The Netherlands	Sweden	United Kingdom	New Zealand	USA	Italy	Germany
strong commitment at central and local level, innovative managerial concepts, high level of participation	cautions, not very ideological reform policy, aim to maintain the Nordic Welfare State, much experience with agencies, interesting: <i>free-commune-experiments</i>	at beginning highly ideological, not very consistent reforms (Thatcherism), very active reform projects; particularly interesting: agencification, CCT, cultural change of personnel	very strong, neoliberal NPM-reforms at central and local level, strong economic bias of reforms; particularly interesting: agencification, financial management, strategic concepts	much rhetorics but also several “real” successes of reforms; e.g. downsizing, performance management; particularly interesting: financial management, procurement concepts	late starter, law driven reforms, North/ South-divergence, decentralization (regions and LG) + autonomisation, strong managerial focus on instruments, some privatization and outsourcing	late starter, cautious reform policy, many cultural and legal barriers, some positive results primarily on local level



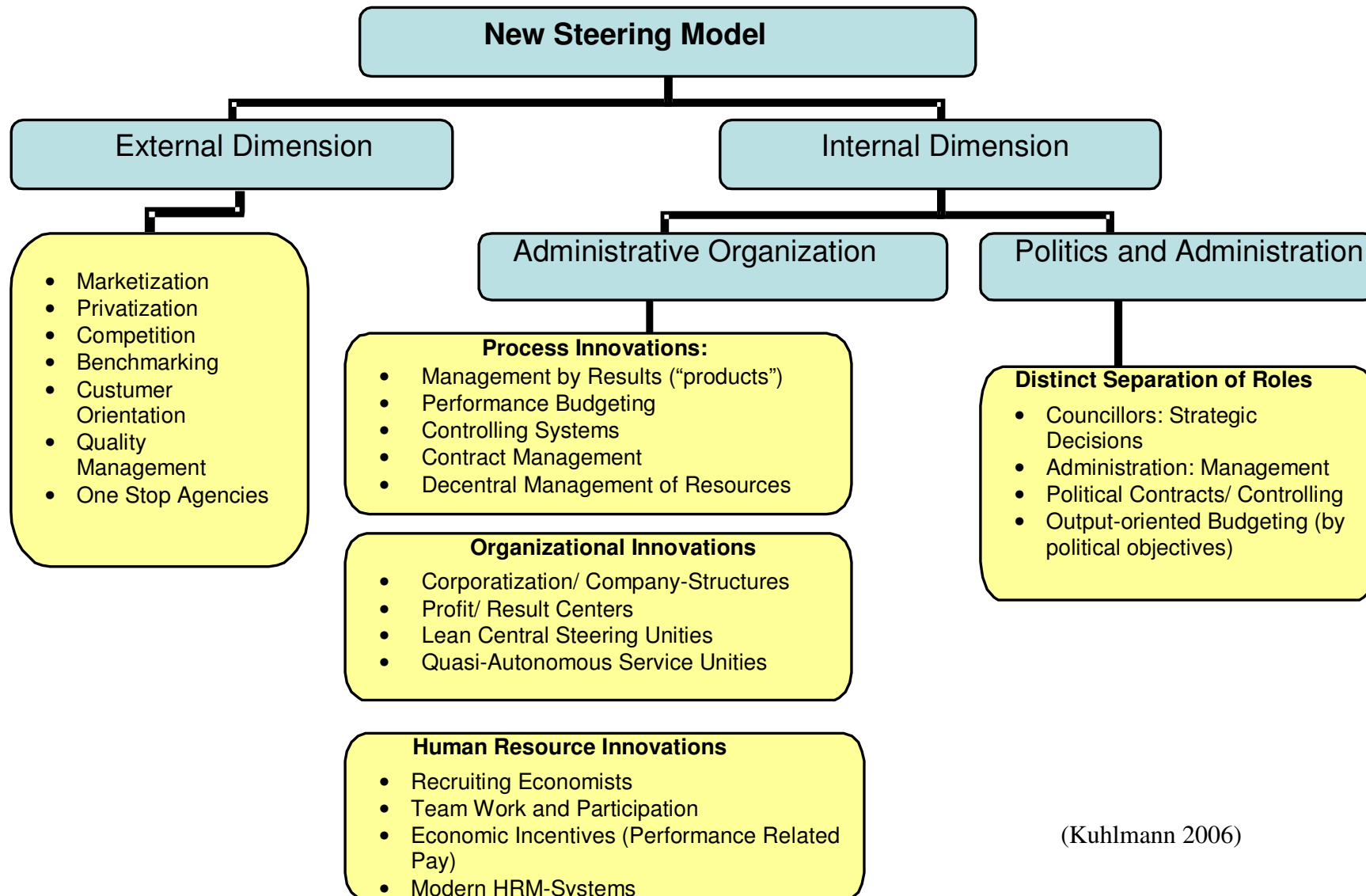
NPM-Reforms in Germany:

NPM-type reforms in Germany:

- late start (only after 1990)
- only few reforms on federal level („lean state committee”; some movement in personnel policy); since 1998 with new government:
→ ”activating state”, debureaucratization activities
- some reform efforts on the state ("Länder") level: half of them are moderately active (internal management instruments)
- remarkable reform activities in the local government (particularly medium-sized and large cities) → “NSM”



NPM-Reforms in Germany:



(Kuhlmann 2006)



evaluation of public management reforms:

Viewpoints to assess international (public sector) reforms:

- *talk:*
reform visions, reform discourses etc.
- *decision:*
reform programmes, laws and regulations, ministerial orders etc.
- *action:*
real changes, e.g. in the field of finance, personnel, organisation, procedures etc.
- *results:*
cost cuts, productivity gains, effects and impacts on citizens, economy, society (e.g. more effective policies) etc.

(Brunsson)



evaluation of public management reforms:

different levels of actions and results:

- institutional change
- changes of the performance of public sector
- impact and outcome for the constituencies and for the system of politics and government

furthermore:

- evaluation of the concept (e.g. „NPM“) [„false theory“]
- evaluation of the implementation process [„bad implementation“]



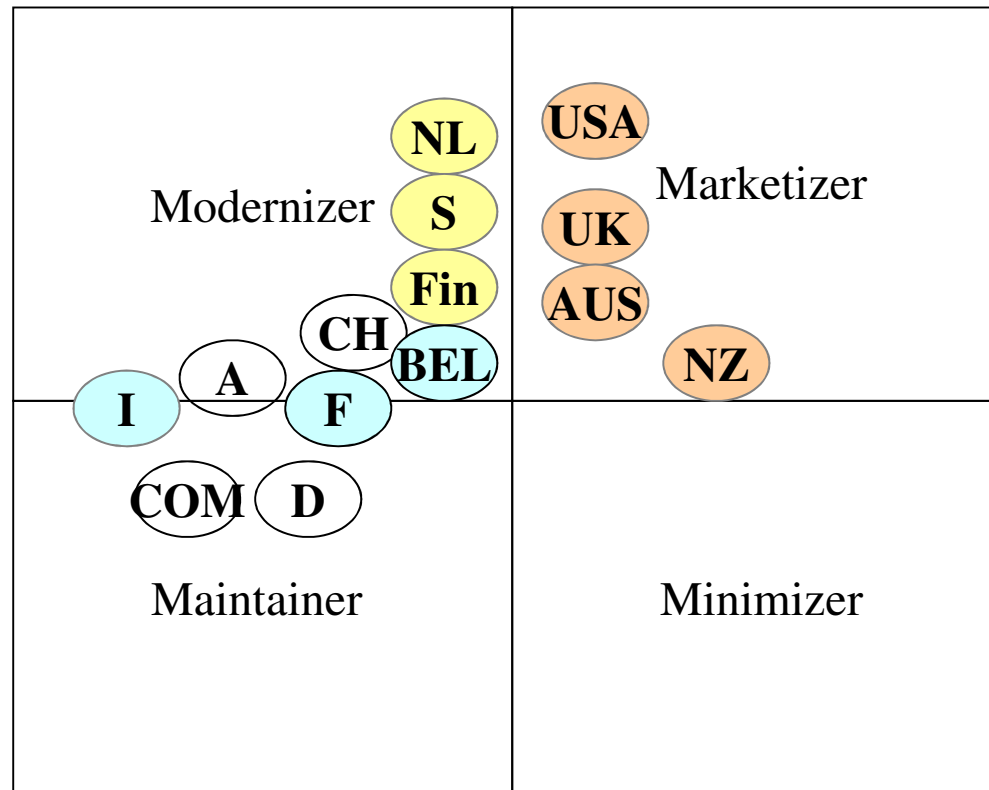
country patterns of reforms

The „4 M’s“ - New Public Management Reform Strategies

Reform strategy	Character	Example
Maintain	Tighten up traditional controls	“old public administration” restrict expenditure/freeze new hirings
Modernize	Deregulating and decentralizing administrative system	Output-oriented budgeting Accrual accounting Deregulation Decentralization/citizen participation
Marketize	Market mechanisms	Markets/Quasi-markets Compulsory Competitive Tendering (UK) Managementculture
Minimize	Company or “hollowing out” model	Purchaser-Provider Model Privatization/Contracting-out Agencification



evaluation of public management reforms:



Reform Results of some OECD countries

Pollitt/Bouckaert 2004



evaluation of public management reforms:

***Assessment: first generation of public management reforms (1980-2000)
from OECD view:***

General observations:

- strong efficiency focus
- managerialism
- concentration at micro level

unsolved problems:

- no “systemic” focus
- poor role of policy/outcome/legitimacy issues
- several unintended effects

lessons learned:

- countries have different contexts (economy, government, culture, national priorities, constitutional arrangements)
- specific conditions and reform designs for every country (specifics of developing countries!)

(see for more details: Matheson/Kwon – Chapter 4 of Bovaird/Löffler 2003)



evaluation of public management reforms:

Balancing public management reforms in German local government:

Institutional Change:

some limited positive effects:

- decentralising powers, reducing hierarchies, enlarging control spans
- product-oriented steering concepts
- some first experiences with management contracts
- introduction of new accrual and cost accounting methods and of global budgeting

only poor effects:

- marketization, competition
- citizen orientation
- HRM
- quality management
- „new” political steering

Why only moderate institutional change?

- restrictive federal framework laws (budgeting/accounting and civil service)
- concentration on internal management reforms (limited incentives for change)
- unchanged cultural patterns



evaluation of public management reforms:

Balancing public management reforms in German local government:

Summing-up:

- some institutional changes (structures, instruments etc)
- some positive results of the changes:
 - cost reductions (primarily because of budget ceilings)
 - more transparency (because of performance measurement and accounting)
 - more faster responses to citizen demands
- impact and outcome for the constituencies:
 - stronger customer and citizen orientation (one-stop offices etc.)
 - higher citizen satisfaction



evaluation of public management reforms:

Balancing public management reforms in German local government:

Summing-up (cont'd):

...but also some critical effects:

- weakening of political system
- fragmentation, centrifugal tendencies
- loss of traditional incentives (e.g. classical promotion)
- decreasing relevance of the „public interest“, more impact of „profit orientation“
- ethical problems (e.g. increased risk of corruption)

Conclusion:

- remarkable reform activities in the last decade
- relatively high efforts and costs
- quite moderate results and effects



Some success factors of public management reforms:

- External pressure (e.g. fiscal stress)
- Clear and realistic reform targets (and consensus of major actors)
- Powerful opinion leaders in favor of reform (generally accepted „fashion“)
- Realistic and stimulating reform strategy (also: timing)
- Sufficient support from workforce, unions and the public (media) [incentives!]
- Sufficient scope for action (e.g. from legal side)



perspective?

Vision of the neo-Weberian state:*

- The Neo-Weberian State is a mixture of classical elements of bureaucracy and of NPM
- The pillars of the traditional bureaucratic system remain intact, but the mechanisms of organisation, of coordination, of steering and controlling are (at least partly) following the logic of NPM:
 - greater orientation towards citizens and customers
 - supplementing representative democracy by direct participation of citizens
 - supplementing procedural ex-post controls by ex-ante performance monitoring
 - supplementing traditional bureaucratic socialisation by managerial values and attitudes

* (Pollitt/Bouckaert, 2011, 19)



Further readings:

OECD: Modernizing Government: The Way Forward. Paris 2005.

OECD: Making Reform Happen: Lessons from OECD Countries. Paris 2010.

Pollitt, C.; Bouckaert, G.: Public Management Reform, 3rd ed Oxford etc. 2011

Reichard, C. (2003): Local Public Management Reforms in Germany. In: Public Administration, Vol. 81, no. 2, pp. 345-363.

Reichard, C. (2010): New Public Management. In: Anheier, H.K., St. Toepler (Eds): Intern. Encyclopedia of Civil Society. Berlin: Springer; 1030-1034.

Schiavo-Campo, S., H.M. McFerson: Public Management in Global Perspective. Armonk-London 2008.