

NEW PUBLIC MANAGEMENT

Lessons from Abroad

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Writing a chapter on new public management (NPM) has an old-fashioned ring to it. In a special edition of the journal *Public Management Review* published in 2001, the guest editors titled their editorial “Towards a Post–New Public Management Agenda” (Polidano and Hulme 2001). This special edition addressed, specifically, governance reform in developing countries. In 2006, the title of an editorial in the same journal reads, “The New Public Governance?” (Osborne 2006). Clearly things are afoot. Yet in 2009 an article by two eminent scholars in the field begins with the title “The Proverbs of New Public Management” (Meier and O’Toole 2009). There does appear to be life left in the term. Moreover, it continues to engage both academics and practitioners as a “theory in use.” The term *theory* is used with caution, recognizing that there is disagreement as to what NPM means, and, indeed, for Polidano and Hulme (2001), “To generalise about the new public management may be about as productive an activity as tilting at windmills” (298).

It is easy to see how scholars might arrive at such a conclusion. In an early, influential discussion of NPM it is described by Hood (1991) as an administrative label, a movement, a “marriage of two different streams of ideas” (5), a joint philosophy, a revolution and a “manifesto,” and a “whim of fashion,” all within the first four pages of the article! The reader might wonder at the kind of evidence that would confirm, or refute, its success! It is also discussed by Barzelay (2002) in this way: “The New Public management (NPM) began life as a conceptual device invented for purposes of structuring scholarly discussion of contemporary changes in the organization and management of executive government” (16).

In attempting to provide an overview of NPM, a first question is, What exactly is the nature of the thing under investigation? A second question emerging from the literature concerns the extent of its existence around the world. Indeed, one scholar has claimed that “from Korea to Brazil, from Portugal to Sweden, government sector reform has transformed public management” (Kettl 1997, 446).

A third question, and this relates to the article by Meier and O’Toole (2009), is the extent, and type, of evidence that supports the claims made on behalf of NPM. That is, is there any basis for believing that the reforms that fall under the NPM umbrella work in transforming government?

This chapter is interested in the answers to these questions and, just as important, in determining what type of evidence is used to answer such questions. Is the evidence all of the same character? It is suggested that NPM can be understood from three different but interlocking perspectives, each with its own logic and each focusing upon different aspects of NPM. First, NPM can be viewed as an ideology that relies upon a particular rhetoric within a tradition of discourse. The logic of this discourse is continuity, conviction, and conversion. Second, NPM can be examined in action. How

does a particular reform, for example, delivering services through arm's-length agencies, work in this country or that? How do issues of design and implementation make it more likely that the reform, indeed any reform, will succeed? Thus, the chapter explores the classic ideas represented in implementation and organizational change studies. Third, NPM is examined from an academic scholarly perspective. In this perspective attention is focused on systematically evaluating what reform initiatives have achieved in terms of results; what works under which circumstances and why? The final section of the chapter examines the degree to which the movement has taken hold across the world. The degree of convergence that may or may not be discerned is, therefore, discussed. The first task is to review what is considered to be included in NPM.

WHAT IS NPM?

Many authors give their definition of what NPM entails. For example, Hughes (2003, 3) summarizes the distinction between public administration and (new) public management this way: "In short, the traditional model of administration is based on bureaucracy; management is based on markets." The Organization for Economic Cooperation and Development (OECD 1998, 5) sees NPM as the new approach to public management that uses "management by objectives and performance measurement, the use of markets and market-type mechanisms in place of centralized command-and-control-style regulation, competition and choice, and devolution with better matching of authority, responsibility and accountability."

In theoretical terms the OECD (1998, 5) formulates NPM as a "new paradigm which attempts to combine modern management practices with the logic of economics, while still retaining core public service values." In Hughes's terms (2003, 6), "public management reforms have been driven by totally different underlying theories: that economic motivations can be assumed for all players in government; that private management flexibility provides lessons for government; and that there can be no separation of politics from administration."

In greater detail, Osborne and Gaebler (1992), who are often considered the first to put forward NPM as a package of reform principles, offer the following:

- Catalytic government: steering rather than rowing;
- Community-owned government: empower communities to solve their own problems rather than simply deliver services;
- Competitive government: injecting competition into service delivery;
- Mission-driven government: be driven by missions, rather than rules;
- Results-oriented government: funding outcomes, not inputs;
- Customer-driven government: meeting the needs of the customer, not the bureaucracy;
- Enterprising government: earning rather than spending;
- Preventive government: invest in preventing problems rather than curing crises;
- Decentralized government: decentralize authority;
- Market-oriented government: solve problems by influencing market forces rather than creating public programs.

Such principles act as a call to action rather than offering a description of the way public services are delivered universally. A feature of early discussions of NPM was this search for principles that might underpin a new way of conducting the government's business. Hood (1991) depicts NPM as consisting of seven doctrines, which are largely similar to the Osborne and Gaebler principles:

1. Hands-on professional management
2. Explicit standards and measures of performance
3. Greater emphasis on output controls
4. Shift to disaggregation of units in the public sector
5. Shift to greater competition in the public sector
6. Stress on private sector styles of management practice
7. Stress on greater discipline and parsimony in resource use

More recent discussions moved away from a search for principles in an attempt to identify what has been really happening. For example, Pollitt and Bouckaert (2004) perform a comparative analysis of public sector reform in twelve countries and distinguish two main groups. The first group, labeled the core NPM group, consists of Australia, New Zealand, the United Kingdom, and, “in words if not always in deeds,” the United States: “They all see a large role for private sector forms and techniques in the process of restructuring the public sector. . . . The prophets of the core NPM states envisaged an entrepreneurial, market-oriented society, with a light icing of government on top” (98, 100).

The second group, labeled the neo-Weberian state group, consists of continental European modernizers such as Belgium, Finland, France, the Netherlands, Italy, Sweden, and Germany below the federal level: “They continue to place greater emphasis on the state as the irreplaceable integrative force in society, with a legal personality and operative value system that cannot be reduced to the private sector discourse of efficiency, competitiveness, and consumer satisfaction” (98).

Within this second group a further distinction can be made between the form practiced in the northern countries that “foresaw a citizens’ state, with extensive participation facilitated by a modernized system of public law that would guarantee rights and duties” (100).

The form practiced in the central European countries consists of a “professional state—modern, efficient and flexible, yet still uniquely identified with the ‘higher purposes’ of the general interest” (100).

What is striking in the descriptions of these reforms is that none refer to “joined-up government” or the use of the network or collaborative approach. These developments are clearly considered separate from the NPM reforms (see also Pollitt 2009). The extent to which NPM reforms constitute a specific model of public sector reform, limited in time and space, is, therefore, worth examining (see Mathiasen 2007), and this is discussed in the final section.

PERSPECTIVE 1: NPM AS IDEOLOGY

In making sense of NPM as an ideology, issues of tradition, discourse, and rhetoric are of interest. Ideology is not seen purely in terms of a political ideology. As critics have pointed out, one of the features of NPM is that it is neutral in terms of its choice of political home, at least along the traditional left-right divide (e.g., Hughes 2003). It is just as likely to be adopted by left- as by right-wing political parties, and governments of different political persuasions. It is claimed to mirror the “end of ideology” as depicted in numerous *fin de siècle* writings at the end of the twentieth century. Yet there are clear political divisions regarding more or less marketization and privatization. Rather, NPM is presented, in this chapter, as a tradition of thought where different elements make up a reasonably consistent and coherent whole that has some practical use and appeals to the values and emotions of those who already subscribe to it and those who may be attracted, but not yet committed, to it. Regardless of the claims made, it is not the rational imple-

mentation of a neutral set of tools. At the same time, it is based on a particular view of human nature, economic individualism, and is framed by a particular view of the world that encompasses neo-institutional theory and transaction-cost economics (see Bozeman 2007). There are different aspects to NPM as ideology.

Continuity over Time

The notion of NPM as part of a tradition of discourse is at the heart of historical approaches to the subject. For example, Hood (2007) provides a history of the term *public management*, drawing upon various themes that have fallen under its umbrella. Similarly, Lynn (2007) visits ancient China, the Middle Ages, eighteenth-century Germany, and the modern-day United States. Ideology can be seen as a tradition of thought and discourse, rather than sets of doctrines to be considered true or false. From this perspective it is not clear what kind of activity would confirm or refute NPM. However, scholars look for continuity over time such that “progress” is charted from traditional bureaucracy to progressive public administration, to NPM, and beyond to new public governance. Thus, Thynne (2003), for example, contrasts what he calls progressive public administration with its heyday in the pre-1980s; NPM with its heyday in the 1980s and 1990s; and enlightened public governance from 2000 onwards. It does not matter whether countries have started from the same point; the question is to what extent do they participate in the same conversation.

The assumption is of a trajectory across time and space and, as with all ideology, there is a sense of movement toward some better future that envisages a more efficient and effective public service that is responsive to the customer. The contrast for all ideologies is with some past that needs to be escaped from, in this case red tape and bureaucracy. It is not the concern of the ideologist whether there is any evidence to support such claims.

One variation of the discussion has been to focus on public service values and the extent to which they have been affected by NPM. Thus, it is claimed that a public service ethos is undermined (Doig and Wilson 1998; Hebson, Grimshaw, and Marchington 2003); professional values have been negatively affected (Powell, Brock, and Hinings 1999); and morale, motivation, and job satisfaction have been lowered (Foster and Wilding 2000). There is, however, a distinct lack of evidence to validate such claims. In fact, Kolthoff (2007) finds a positive relationship between the application of some businesslike management tools and the reduction of integrity violations.

Kernaghan (1994) argues that traditional values will survive, but they will have to contend with new values, particularly those of service, innovation, teamwork, and quality. Both old and new values could be complementary. For example, integrity becomes even more important in the context of the “freedom to manage,” empowerment, and service to the public. Similarly, accountability is particularly crucial in partnerships and delivering public services through networks of public, private, and third sector organizations.

Conviction Involving Faith and Believers

More than one scholar has referred to NPM in religious terms, suggesting that faith plays a role in the adoption of NPM (see Meier and O’Toole 2009). As Gray and Jenkins (1995) put it, “Faith is not too strong a word to describe public management and its growth. Many of its advocates are clearly true believers in the power and the sanctity of markets” (82).

Supporters of NPM are prone to see it everywhere (Polidano 1999) while opponents of NPM have a different vision of the world. This is not to say that there is no possibility of a dialogue between supporters and opponents, not least in terms of agreed-upon problems. Inefficiency, cor-

ruption, and unemployment can be recognized by all—it is the solutions offered to such problems that are more likely to be the subject of intense debate.

Hood (1991) depicted NPM as consisting of seven doctrines (see the first section of this chapter). According to the OECD, a doctrine is “a principle of religious or political belief,” “a dogma.” As doctrines they are appeals to the faithful, rather than hypotheses to be tested empirically.

Conversion in Terms of Rhetoric

The debate is often presented in black-and-white terms (either for good or for evil), and opponents of NPM need to have an alternative to convince us of the rightness of their views. There is a gap between proving the truth of a claim and persuading others to accept it. As Graham (1986) suggests, this gap represents the difference between logic and rhetoric; the latter is to be found in the realm of politics. Graham invokes the law of noncontradiction—a single individual cannot accept both the presuppositions of an ideology and the doctrines of another that deny those presuppositions.

According to Graham there are four conditions of a political ideology:

1. Different elements must form a reasonably consistent and coherent whole.
2. Any factual claim made, or implied, or presupposed must be true. “This sounds a rather demanding condition but all it is meant to capture is the idea that falsehood, logical invalidity, and conceptual confusion, are faults of reasoning whatever the subject in hand” (76).
3. It must have some practical use.
4. It must make an appeal to political values shared by those who do not yet subscribe to it.

Why, then, is NPM compelling? Is it because of evidence that it works in solving society’s problems or because it appeals to individuals at some level, intellectually or emotionally? Is it convincing as an explanation of reform? Is it believed that NPM will change the lives of citizens for the better? If so, then perhaps it has something in common with ideology. Not only that, but both NPM and ideology address both issues of tradition and issues of reform, with both continuity and change. Ideology is not concerned with a complete break with the past, but rather with explaining current events as a particular reading of the past, and this points the way forward. NPM similarly tries to account for past events, such as the perceived ineffectiveness of traditional public administration, and offers solutions to take us forward.

PERSPECTIVE 2: NPM AS DESIGN AND IMPLEMENTATION

In the previous perspective of NPM as ideology, the rhetoric of launching new reform initiatives is key. The OECD (2002, in Pollitt and Bouckaert 2004) observes that there are clear political advantages to launching such initiatives and political disadvantages in carrying these reforms through. The perspective of design and implementation focuses on actually making the reforms work. In many countries there is a notorious lack of sufficient attention to the actual design and implementation of reforms, probably for the reasons pointed out by the OECD, among others.

Design

The translation of generic organizational principles to the design of specific tasks is not an easy or a straightforward exercise. Market principles are more easily applied to tasks where the desired output can be defined unambiguously, and process requirements—how the output is achieved—are

not important. An example of where this is the case is household waste collection; an example of where this is very difficult is health or education, in which the process, that is, the relationship between the doctor and her patient and between the teacher and his student, is a key part of determining the outcome, that is, better health or education. Another example of the design challenge is the performance measurement and management system. In general, a system to systematically measure, and possibly also manage, performance makes sense. The devil, however, is in the details. How can one design such a system for a specific task in a specific context so that it delivers the desired intended effect without (too many) unintended perverse effects? Too often performance systems fail because there are too many unintended consequences. This effect had been described time and time again, in private corporations and public institutions, and long before the start of NPM-type reforms (e.g., Kerr 1975).

Ferlie and Geraghty (2007) argue that more research needs to be done to demonstrate the responses by professionals to public sector reforms. They point to the fact that reforms are welcomed by some but not others. They distinguish between hard and soft NPM; hard NPM focuses on audit and performance and follows an accounting logic. Soft NPM focuses on a user orientation, quality issues, organizational development, and learning. According to Batley (1999), "Reform has tended to focus on organizational structures: more attention needs to be given to supporting more efficient financial and human resource management and the management of services to suit specific customers" (763).

O'Toole and Meier (2009) find evidence that the quality of a public sector organization's human resource management positively affects its performance, as measured by a variety of measures and for a variety of stakeholders.

In rapidly changing societies, organizations need to improve their capacity for continuous learning. This learning occurs at all levels. Most reform initiatives that are part of NPM pay no (explicit) attention to continuous organizational learning. As Pollitt (2009) shows, restructuring of public sector organizations takes place more frequently but, if anything, leads to more memory loss rather than organizational learning. He concludes his analysis of organizational memory loss as follows: "For all their hypothesized benefits in terms of flexibility, [NPM organizations] may well make more avoidable mistakes, unintentionally damage existing strengths, pursue false and glib historical analogies, and muddy the trail of public accountability" (15).

A key theme of NPM in developing countries is the capacity of government organizations to deliver reform. Often skills are not available to properly draft, negotiate, monitor, evaluate, and enforce service contracts (Wenzel 2007). Change management requires bonds of trust and capacity building as well as effective control and political oversight.

Implementation

Baier, March and Sætren (1986) propose two interpretations of implementation problems. The first interpretation concerns bureaucratic incompetence, which could be due to a lack of training, poor organization and management, or inadequate resources. The second interpretation suggests a conflict of interest between policy makers and bureaucratic agents, leading to differences in organizational control. The two interpretations are not mutually exclusive. They argue that some parts of any organization may have incentives for pursuing objectives that deviate from any policy that might be adopted. Thus, policy ambiguities, and organizational dysfunctions, are often ignored by rational policy makers: "Any simple concept of implementation, with its implicit assumption of clear and stable policy intent, is likely to lead to a fundamental misunderstanding of the policy process and to disappointment with efforts to reform it" (211).

In a sweeping critique of the contributions to Ferlie, Lynn, and Pollitt (2007), Hughes (2006) argues that most of the authors do not recognize the difference between public administration and public management and have little understanding of managerial reform. There is a distinction to be made between managers, management, and managing. Managers may be considered as part of a profession, distinct from other professionals, and have skills and knowledge developed through formal training, often with advanced qualifications such as an MBA. They will expect a certain amount of autonomy and, in the language of NPM, will have the “freedom to manage.” The extent to which they act in their own interests in a similar fashion to other professions is a moot point. Managers in the public services have been castigated by both politicians and academics. Indeed, scholars have characterized “managerialism” as an ideology (Pollitt 1993; Newman 2002). The authors’ experience in working with managers in the public services over a twenty-year period is that in dealing with a multitude of stakeholders, with ambiguity in policy making and competing goals, all with limited resources, the majority of managers should be applauded rather than criticized!

In distinguishing management from managers, the focus is on issues of control, structure, and decision making. That is, management as an organizational layer needs to be understood in terms of power, particularly in relation to politicians. Similarly, it is appropriate to distinguish the practice, the actual act of managing, from management and managers. The act will reflect relations with others, both inside and outside the particular organization that the individual works in. Responsiveness, integrity, duty, loyalty, empathy, sympathy, and so on will characterize the act of managing.

There will be tensions among all of these, and they will operate at different levels. The tensions are not between public and private, nor between traditional public administration and NPM. We need to know more about how reforms affect these different aspects. Pollitt and Bouckaert (2004) examine ten “alleged” contradictions in NPM reform on the degree to which they are truly contradictions and could thus be said to weaken claims of NPM as a successful coherent theory and ideology. They conclude that, aside from some true contradictions, several are “implementation challenges rather than fundamental logical contradictions,” for example, “give priority to making savings [versus] improving the performance of the public sector” and “responsibilize government [versus] reduce the range of tasks government is involved with.” With some others “there may be a deep-lying tension but the edge can be taken off it by skilled leadership and implementation,” for example, “reduce the burden of internal scrutiny and associated paperwork [versus] sharpen managerial accountability” (179–180).

Another gap in reform initiatives is that insufficient attention is paid to the readiness for change of the officials whose behavior needs to change. Cinite, Duxbury and Higgins (2009) identified three indicators of readiness for change—commitment of senior management to the change, competence of change agents, and support of immediate manager—and two indicators of unreadiness for change—poor communication of change and adverse impact of change on work. Their measure contains seventeen items, such as “senior management defines the course of change and stays the course for several years,” “change agents have done research to select the right type of change that address the underlying causes of organizational problems rather than just symptoms,” “managers acknowledge the impact the change may have on their staff,” and “the change process does not involve the phasing out of old duties, and the employee is expected to do both the old and the new duties (reverse coding)” (271). Today’s knowledge about effective implementation processes is rarely applied to public sector organizations. Traditionally in the public sector reforms are implemented by way “of a pre-designed top-down implementation process after the content of the new strategy has been formulated,” while research shows that “successful implementation

in the public sector also requires a bottom-up approach with some degree of employee participation" (Sminia and Van Nistelrooij 2006, 100–101). Sometimes at the beginning of a change process, the intention is there, but when the going gets tough, as is almost inevitable in major change programs, top management often resorts to the old "safe" top-down approach (Sminia and Van Nistelrooij 2006).

All of this lends credibility to Hood and Peters's (2004) arguments concerning the paradoxes and surprises, the unintended consequences, the discontinuities and the nonlinearities, of public service reform. Students of organizations have long known of unintended consequences and the difficulties in demonstrating causal relationships. This is the result of entering the "middle age" of NPM, youthful certainties cast aside. They point to the casual adoption of poorly grounded models, the disregard of historical evidence, and active resistance to learning in any meaningful sense.

PERSPECTIVE 3: NPM AS AN ACADEMIC RESEARCH FIELD

NPM reforms are said to follow evidence-based practice, but often such evidence is lacking. Given the lack of evidence, then, an ideological understanding has some currency. What is interesting about Meier and O'Toole's (2009) evidence-based approach to NPM is to critique a proverb with empirical evidence. For them a proverb is a contention made about best practice or correct management. In the *Oxford English Dictionary* a proverb is a "short pithy saying in general use, held to embody a general truth." It comes as no surprise that they found mixed evidence.

When looking at NPM from the perspective of academic research, the key challenge is to evaluate "what works in what situation and why?" (Hodgson, Farrell and Connolly 2007, 378). What are the underlying mechanisms that make for a particular reform to be considered successful in a particular context? This simple, straightforward sentence hides many complications. First of all, what are the criteria to judge a reform's success by? Especially in the public sector, the specific aims and goals to be achieved by a particular reform may be ambiguous and contested. Second, what exactly is the reform to be evaluated? Traditionally policy evaluations focus not only on goal achievement, but also on establishing a causal link between the particular policy and the goal achievement (Dunn 2007). In an increasingly complex society, these direct and simple causal links from intended policy to achieved result are extremely difficult to prove scientifically. Furthermore, most societal problems, and hence governments' tasks, are multifaceted and complex, requiring multiple policies. In this light it makes most sense to evaluate the effectiveness of governance on goal achievement, analyzing the whole range of government actions and other influences that have contributed to the results that have been achieved. This approach provides more fruitful avenues for understanding what works and what does not work in modern governance. In this approach it is important that goals be seen more broadly than pure content (e.g., number of children lifted out of poverty); they may and probably will also contain elements of the process and the principles (e.g., equity and integrity) by which the results in terms of content have been achieved (Bovaird and Löffler 2003).

Another complication is that it is important for academic scholars to distinguish three dimensions in realizing (public sector) reforms: (1) the validity and appropriateness of the theories and underlying assumptions applied in the reform; (2) the appropriateness of the design, given the specific task in the specific context; and (3) the appropriateness of the implementation process, given the specific task and the specific context. The reader may notice that these dimensions have already been discussed to a degree as different perspectives of NPM. In academic research terms, a reform can be considered successful only if all three dimensions are found to be appropriate, because only then will the reform work. The theory and underlying assumptions may be correct, but if the design principles that follow from the theory are not applied appropriately to the specific

situation, then the reform will fail. Even if the detailed design, based on sound theoretical design principles, is appropriate, it is still possible for the reform to fail, if the implementation process is not attended to. Reform initiatives, in practice, can fail on each of these hurdles. Because academic research so far has not been able to systematically evaluate NPM reforms in the detail needed, taking the different task characteristics and context characteristics into account, or distinguishing between the three dimensions mentioned above, it is currently impossible to make any claims as to the degree that NPM theory holds or not. It is very possible that some critics of NPM have pointed at failed reforms to make their point that NPM should not be applied to that policy field or that public organization, where the failure was due to bad implementation. Similarly it is entirely likely that some critics make sweeping statements about the failure of NPM reform principles, using examples of botched-up designs to make their point, which does not necessarily mean that the underlying theoretical principles are at fault.

Pollitt and Bouckaert (2004, 196) conclude that the main principles of public management “should not be applied sweepingly, as though they were universals, but need rather be tailored to specific organizational contexts.” But as Peters (1998) put it, we have not yet done the right type of academic research to build theories at the level that may lead to useful practical advice to practitioners: “Our classification of government organisations tends to be on the basis of what they do—health, defence and so on—rather than on structural or managerial grounds that would provide more of a basis for reform recommendations. While we can think of a number of potentially relevant criteria, such as size, professionalization, client involvement, there is not yet sufficient evidence to make good predictive statements to aid reformers” (96).

Why has this type of research not been commissioned by governments? Practitioners must surely want such evidence-based advice. Or at least that would be the scholar’s perspective. Hodgson, Farrell, and Connolly (2007) observe, “Despite the UK’s large expenditure programme supporting the delivery of better public services as well as a large political drive promoting this agenda, there is insufficient academic knowledge available on what factors can influence and promote upward shifts in performance” (377).

Pollitt and Bouckaert (2004) observe that economists appear to have been much more ready to offer prescriptions than public administration or management scholars. A possible explanation of this may be that economists tend to theorize more deductively, arguing from abstract theoretical propositions, while the public administration or management scholars tend to work more inductively, arguing from empirical evidence. And this empirical evidence is as yet lacking for solid evidence-based prescriptions.

Jones, Guthrie, and Steane (2001, in Hughes 2003) provide an interesting explanation for why academics tend to be among the most critical of NPM:

Critics of NPM appear to outnumber advocates in academe, if not in the practitioner environment. Some of this may be related to the fact that academics face professional and career incentives to find fault rather than extol success. . . . Some criticism may derive from the fact that it is perceived to draw conceptually too strongly from a “business school/private management” perspective. This conceptual framework threatens the foundations of much of what is believed to be gospel and is taught in government and public-private sector relationships to students in public administration programmes, in political science and related disciplines. (23–24)

The late management scholar Sumantra Ghoshal (2005) argued that “bad management theories are destroying good management practices.” He focused on business schools and their impact on

MBA students who then go into corporate businesses, but the argument applies equally to public management students who are taught these rational-choice theories and then apply them in the public sector. The key theories driving NPM reforms are rational-choice-based theories, and these theories make unnecessarily negative assumptions about people and institutions. These theories are also presented as “amoral.” “By propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility” (76).

Coupled with the pretense of knowledge, these ideology-based theories lead to excessive truth claims based on partial analysis and unbalanced assumptions. These claims influence practitioners, many of whom will adopt the theorists’ worldview, and the negative assumptions inherent in the ideologically driven theories become real as the practitioners apply them (Ghoshal 2005). Hence the importance of carefully distinguishing claims based on ideology from those based on sound empirical evidence.

NPM AND CONVERGENCE?

Much of the debate has also centered on the extent to which different countries around the world have adopted NPM, in terms of either its rhetoric or the tools that are said to form part of NPM (see Common 1998; Polidano 1999; McCourt 2008; Steane 2008). One commentator has suggested a “global revolution” despite the fact that the focus of the research appears to be Australia, New Zealand, the United Kingdom, and the United States (Kettl 1997). The claims to universality are said to depend upon a number of conditions: first, the adoption of the same set of doctrines (e.g., Hood’s seven doctrines introduced before) as the means to solve the problems of traditional public administration; second, that reforms are apolitical and are supported by politicians of all hues; third, that problems in one country are similar, and linked to, problems in other countries; and fourth, that there is a new global paradigm replacing commonly held assumptions and bringing in a new agenda, values, and policies. All of these are contested.

For many scholars, the main line of inquiry appears to be to identify key aspects of NPM as discussed in the literature and then look for their existence in particular countries. These aspects are said to include the use of markets and deregulation (Steane 2008); contracting and citizen charters (McCourt 2008); and the use of agencies to enhance managerial freedoms (Verschuere and Barbieri 2009). There appears to be general agreement that reforms have been more readily accepted in some countries and have taken hold as a way of doing government business. These countries include Australia, New Zealand, the United States, Canada and the United Kingdom (e.g., Pollitt and Bouckaert 2004). However, even among this group, it is argued, there are differences (Osborne 2006). Lynn (2006), for example, argues that NPM in the United States focused on managerial discretion, quality, and entrepreneurship and far less on market-mimicking reforms that had long been popular anyway.

In other countries individual elements have taken hold. Scholars offer different reasons as to why this might be the case, and these reasons take a number of forms. First, it is the political, social and legal context of the state that determines the kind of reforms that are adopted. Thus, Wenzel (2007) for example, argues that in many countries it is the centralization and personalization of political power that determines whether reform will take place and shapes that reform. Schedler and Proeller (2002) distinguish among unitary, centralist, and federalist states, and Verschuere and Barbieri (2009), in their research on agencies, argue that it is country-specific factors that determine reform processes. Some authors make use of Hofstede’s typology of cultural differences to explore country differences (Flynn 2002; Pollitt and Bouckaert 2004; Verschuere and Barbieri 2009). Indeed, Kickert (2005) argues that the study of public administration (not just the practice)

differs from country to country depending upon the intellectual context for discussing public sector reform. Thus, continental Europe draws upon a political science background; in southern Europe it is the law; in the Nordic countries it is business administration. In the United Kingdom traditional public administration was taught in social science schools, NPM in business schools.

A second set of reasons for the adoption or otherwise of NPM reforms refers to the capacity of governments, and the competences of public officials, to implement reform. Batley (1999), for example, argues that the capacity of governments to perform market-sensitive regulatory and enabling roles is weak. He argues that senior managerial power has increased but there has not been an equivalent strengthening of accountability mechanisms.

A third set of reasons refers to the imposition of reforms by international agencies on reluctant recipients that causes problems, and scholars working in the development field have long lamented the impact of organizations such as the World Bank, OECD, and the International Monetary Fund. They have pushed an international vocabulary with terms such as “agentification,” “contractualization,” “performance measurement,” and “privatization” (Pollitt and Bouckaert 2004). Polidano (2001) examines the scope of reform, the role of aid donors, and the leadership of change. He argues that “grand design” can often drive out local reforms. In his view the World Bank comes up with a solution in search of a problem—foisting the solution on to a client government is problematic. In a similar fashion, Batley (1999) argues that the reform agenda is too easily captured by those with a stake in doing reform (donors, consultants, etc.).

Common (1998) is equally critical: “What appears to exist is a global policy community that disperses NPM in a piece-meal fashion to receptive political and administrative elites in individual countries. Academics and consultants who are part of this community may tell us that we are witnessing a paradigm shift but the reality for the majority of the countries of the world is the strengthening and maintenance of bureaucratic government” (448). McCourt (2008), for example, argues for a recognition of diversity: “We suggest that it is the enduring power of sovereign states within their own borders which explains the failure of the attempts to induce reform from outside, and which ultimately explains the return of divergence in public management” (474).

The notion of a paradigm shift, drawing upon the groundbreaking work of Thomas Kuhn (1962), is one that has engaged scholars, with some recognizing reform as constituting a paradigm shift as consensus breaks down and we have new agendas, new values, and new personnel (Gray and Jenkins 1995). NPM is seen as a coming together of political ideology, economic theory, and private sector management practices to constitute a new belief system. Others argue that it lacks coherence and continuity and cannot therefore be said to constitute a global paradigm (see Stoker 1999). It is a moot point how it might constitute a paradigm shift when scholars and practitioners still cling to the “old ways” in terms of a concern with enduring themes of accountability, integrity, rules and processes, and some notion of a public interest. There is still some persuading to do to see such concepts in a new light.

Thus, Polidano (1999) argues that, in the context of the developing world, NPM is only one of a number of currents of reform and suggests that its universal character has long been contested. He suggests that a number of questions need to be addressed, and these will include the following:

1. Are developing countries committing themselves to NPM?
2. Are reforms part of the worldwide quest for efficiency and savings or are they being undertaken for different reasons?
3. Are they being implemented or are we being misled by the rhetoric? Lynn (2006) argues that NPM uses similarities in rhetoric to exaggerate similarities in practice.
4. Are there other reforms that are being undertaken that ignore NPM and might, in fact,

run counter to it? For example, is it budgetary reforms rather than management reforms that make a difference?

5. Are the problems that NPM is said to address the same in all countries? For example, in some countries personnel problems are the issue when recruitment and promotion reflect nepotism or seniority rather than competence. In others, low pay of public officials will be a problem.

All of these constitute a research agenda in their own right. Notwithstanding such remarks, Common (1998) argues that policy responses to similar problems in countries that are at a similar stage of economic development do appear to be convergent. Pollitt (2002) focuses on the notion of convergence and identifies four stages of convergence. These are, first, *discursive convergence*, such that more and more people are using the same concepts. Second is *decisional convergence*, where different authorities adopt similar organizational forms or techniques. Third is *practice convergence*, insofar as organizations begin to work in similar ways. Fourth is *results convergence*, where the outputs and outcomes of public service organizations begin to look similar. He argues that while there may be convergence in rhetoric and organizational forms or techniques, there is less evidence of convergence in terms of practice or results. Hughes (2003) argues that even though there may not be much evidence of Pollitt's convergence, theoretical convergence is present and is arguably the more important. The underlying theoretical basis of NPM is economics and private management. But if we go back to Pollitt and Bouckaert's grouping of three—core NPM countries following the marketization strategy, the northern European countries following a modernizing strategy where the supremacy of the state is upheld with a focus on citizen participation, and the central European countries following a modernizing strategy focusing on the professional state—then even a theoretical convergence may be too much to claim. Yes, most countries now do apply more economic theories and more private management “theories” than at the beginning of the twentieth century, but in degrees and scope that vary greatly. Moreover, all of these still also apply rule of law and principles of hierarchy.

It is clear that the convergence debate is closely linked to the ideology perspective. The design and implementation perspective and the academic research perspective have no need to make claims about convergence, as both perspectives are very sensitive to context. The design and implementation perspective is not concerned at all about which theory or ideology wins the day, as long as the practitioners are provided with actionable advice about how to proceed. Also, as long as there is no strong convincing voice that provides scientifically sound evidence-based advice, politicians and top officials will be more likely to listen to other stronger, more ideology-based voices, in particular if these voices claim worldwide convergence of their ideology.

CONCLUSIONS

Almost ten years after Hood (1991) drew upon the Hans Christian Andersen fable to see whether the NPM emperor had any clothes, Pollitt (2000) concluded that he was not completely naked. Efficiency in the delivery of public services has improved, targets have been met, some services are more user-friendly. Its critique of traditional bureaucracy can be justified. And while the heartlands of NPM have never extended beyond Australia, New Zealand, North America, and the United Kingdom, tools have been adopted by other countries, for instance, the Netherlands and the Nordic countries. So critics who argue that NPM is all hype and no substance can find support for their claims. They can find solace in that it is clearly not a universal panacea for all social ills, not least because the solution to such ills lies in the realm of politics and not management.

The traditional, first-order questions that public administration addressed were concerned with the relationships between public and private interests, between the citizen and the state, between democracy and bureaucracy, between the rule of law and pragmatic decision making. Management deals with second-order questions relating to organizational structures, to strategic fit between the organization and its environment, to financial control, to competences and capacity. Clearly, the two sets of issues are interlinked. The problem, we contend, is using a form of evaluation for one set of questions that is appropriate only for another set of questions.

So the first lesson for scholars researching NPM is to be clear about what exactly is being researched. If the concern is with values, then politics cannot be ignored. If the focus is on management, then design and implementation issues need to be addressed.

This chapter examines NPM from three different perspectives. The first perspective, NPM as ideology, may be summarized as “believe that it works.” The second perspective, NPM as design and implementation, may be summarized as a pragmatic “make it work,” while the third perspective, NPM as an academic research field, may be summarized as “evaluate what works in what situations and why.”

Most debate on NPM has revolved around the appropriateness of applying market principles to the domain of the state. Critics have tended to reject any such application, while supporters have tended to want to apply market principles as much as possible. The latter accept bureaucracy or hierarchy as the organizational form only where transaction-cost economics theory indicates that hierarchy is better than the market. This may suggest that transaction-cost economics theory is neutral as to hierarchy versus the market, but it is a rational-choice theory with assumptions that clearly favor markets. So lesson two is to challenge the assumptions that individuals are rational decision makers and that we need to provide a theory of human nature that recognizes the richness of individual decision making in organizations.

Interestingly, most literature on public sector reform and NPM is only recently coming to terms with the move toward more collaboration between public organizations and public-private partnerships that are found increasingly in practice. (See chapter 17, “Collaborative Public Agencies in the Network Era,” in this volume.) In the United Kingdom this movement goes under the name “joined-up government.” It is a recognition that most societal challenges cut across organizational boundaries. Thus there are not two but (at least) three possible regimes for organizing public tasks, hierarchy, markets, and networks (e.g., Bradach and Eccles 1989; Thompson et al. 1991). A central thesis of that body of literature is the need to find the appropriate balance between the three related coordinating principles, authority (hierarchy), price or contract (market), and trust (network or social relationships). There are no tested theories yet that can explain when the appropriate balance has been achieved, and therefore no evidence-based advice for practice can be formulated.

Lesson three, therefore, is to move beyond the largely unproductive ideological battle between market versus hierarchy and bureaucracy to recognize that the most appropriate way to organize particular tasks is dependent on the task characteristics and the task environment. There will therefore never be a “one best way” or a “one size fits all.” For every task and context, there will be a different mix of the three coordinating principles. The more strongly this recognition becomes part of the debate and the rhetoric of politicians, administrators, consultants, and scholars, the better. It may help avoid repetition of some of the mistakes of the past, for example, regulation gone too far because it was applied across the board, or inappropriate contracting out, where market relations were not warranted, but also bureaucracy gone overboard with red tape and goal displacement. However, given the natural tendency for politicians to make ideology-driven rhetorical statements, this may be too much to hope for.

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