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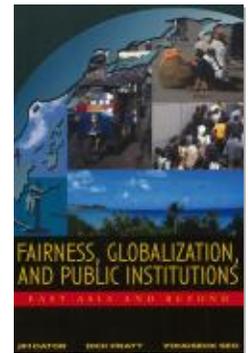
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CHAPTER 9

New Public Management, Globalization, and Public Administration Reform

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In “Globalization and Public Administration Reform,” Elaine Ciulla Kamarck concluded that there can be no doubt that for several reasons the end of the twentieth century has seen a revolution in public administration that is every bit as profound as that which occurred at the turn of the nineteenth century, when Weberian bureaucratic principles began to influence many governments around the world. How real, and how extensive, this revolution in government is remains to be seen.¹

This chapter looks at pressures for reform of the administrative apparatus of public institutions. There is an international movement for administrative reform, which in turn is associated with globalization. One of its manifestations, referred to as the New Public Management (NPM), is a loose package of prescriptions that have been promoted by influential international organizations and have found their way to many different countries. Yet as Kamarck’s statement also suggests, the direction, extent, and impact of these global prescriptions remain unclear.

The chapter proceeds by first reviewing the problems of administrative agencies that reforms attempt to address. It then examines NPM as an agent of globalization and a response to it. The closing sections summarize concerns that have been raised about NPM and propose that a true “public” reform must be driven by a diversity of approaches to change that are explicitly public regarding.

Traditional Problems with Public Bureaucracies

Kamarck’s article summarizes her survey of the 123 largest countries (i.e., those with a population greater than 3.4 million), inquiring about reforms that addressed “the actual operations of the state or the traditional ground of public administration.”² She concludes, “These countries have different histories and different electoral systems; they are at different stages of development and yet, to

a surprising degree, they are employing a set of reform concepts and strategies that are remarkably similar. Many of these concepts come from a reform movement known as ‘new public management.’”³

Before turning to the reforms that fall under NPM, it is useful to remind ourselves of what they purport to be a reaction to. In doing this there is the risk, of course, of making generalizations that fail to take into account critical differences in historical, institutional, and political experience. For example, Richard Stillman notes significant disparities between American and Continental European public administration. The American style is more pragmatic, grassroots, and experimental, whereas the Continental one is more fixed, top-down, and legalistic.⁴ Stillman makes the interesting observation that these differences account for why administrators in the United States came to be called “public” administrators, while those in Europe were named “state” administrators.

Other descriptions would be necessary to capture the distinctive features of administration in Asian societies, which may share more features with Continental Europe than the United States. Some scholars refer to Asian administrative forms as Confucian, highlighting their emphasis on expertise, practicality, hierarchy, and tradition. Even this, of course, does not apply equally well, or in some cases at all, to every Asian society and ignores places where colonization and authoritarianism had an important impact.

These regional and national differences notwithstanding, the bureaucratic model summarized so well by Max Weber has been powerful and widespread in both public and private organizations. It has been a familiar presence in most, if not all, systems of public administration, appearing in hugely different cultural, economic, and political contexts.

Given its pervasiveness, it is possible to identify concerns that have for decades preoccupied scholars and frustrated practitioners. These are summarized in the following list.

1. Roles are overspecialized; most people have no sense of an overall process to which their work contributes.
2. Rules are too often confused with policies, and as a consequence rule keepers become too powerful; employees spend too much time getting around rules, which is inefficient, undermines accountability, and creates confusion about the real goals.
3. Structures are rigid and unadaptive; administrative organizations are anti-experimental and attempt to mold the environment, including citizens, to their needs; there is low efficiency even when efficiency is emphasized.
4. There are no direct incentives, financial or otherwise, that reward good work and punish bad work.

5. Middle-management supervision is ineffective, and there is too little control by individuals of their own work.
6. Participation by employees, when it occurs, is primarily symbolic; the people who know things through their direct experience do not decide things.
7. Criticism is discouraged; employees who point out problems become the problem.
8. The wrong kind of person is successful; submissiveness, endurance, and blind loyalty are valued over risk taking, honesty, and innovation.
9. Cooperation is difficult; specialization, turf issues, and communication protocols are disincentives to collaborative work within, or between, organizations.
10. Preoccupation with internal order and coded language (jargon) excludes “outsiders” such as citizens or clients.

Some observers do not agree that these are problems, or at least problems of such consequence that they outweigh the costs associated with fixing them. Good examples are found in respected scholars who argue that, at least in the American setting, public organizations are effective in doing their work (Goodsell), more innovative than commonly believed (Blau), and can be fixed only by undermining the larger political fabric of which they are a part (Wilson).⁵ Whatever differences exist, we can agree that public organizations have been an object of concern and episodic reform for decades and that this inclination to reform has accelerated recently and is now global in scope.

New Public Management as Agent and Response

The manifestation of reform that is most associated with globalization is called the New Public Management. NPM is the global successor to what in the United States was labeled “Reinventing Government” and in Britain “Next Steps.”⁶ NPM is, on the one hand, only the best known of many recent efforts to improve administrative effectiveness. On the other hand, it is also something new. Theo Toonen observes,

A difference with previous administrative reform episodes has been that globalization has accelerated the speed of the circulation and dissemination of ideas for administrative reform. The OECD, World Bank, UN and several international consulting firms have become global players that advocated “public sector management reform,” thus contributing to a substantial “epistemic presence” of NPM.⁷

NPM is both a manifestation of globalization and a strategy for dealing with it. In its role as *global agent* it has been heavily promoted, and given legitimacy, by international organizations such as the International Monetary Fund. Their prescriptions have been powerful because of the resources they control. As a *response* to globalization, NPM is a means by which national governments attempt to reorganize their public institutions to meet the challenges and opportunities of globalization.

NPM emphasizes business practices, market incentives, and competition as the appropriate tools for obtaining greater efficiency and greater flexibility in public bureaucracies that commonly have the problems described earlier. Efficiency is key because governments everywhere are experiencing budget shrinkage and because resources given to public-sector organizations are seen as opportunity costs for economic development. Flexibility is critical in adapting to an economic and political environment that is changing rapidly, often as a result of globalization.

Within the framing of NPM decentralization is advocated as a way of increasing flexibility and legitimacy. The term “governance” replaces the historic focus on government because more actors are involved in doing what was once the responsibility of government. Government is now seen to have a “steering” function over a “rowing” function—that is, government provides fewer and fewer direct services, but instead sets the policy directions that are implemented outside of it by a variety of quasi-public, semiprivate, and private-sector organizations. Everyone involved with governance, including government agencies, is encouraged to see citizens as customers and to be motivated and disciplined by the market relationship that the term connotes.

The spirit of NPM is captured in a list of “Approaches, Tools, and Competences” created by David Osborne and Peter Plastrik. Their list contains ninety-two entries. Not all of these are business, market, and/or competition based, but many are. A sampling is as follows:

- sales of public assets
- community-based funding
- competitive customer choice
- customer-service agreements
- enterprise funds
- managed competition
- mass organizational deregulation
- performance budgets
- performance management
- vouchers and reimbursement systems

Concerns about the New Public Management

A number of questions have been raised about the NPM regime. First, while its orientation is not exclusively economic or what is commonly called neoliberal, it is heavily so. The emphasis on privatization and contractual relations, measurable performance outcomes, and customer (vs. citizen) service has sounded alarms among scholars and practitioners internationally. Some of the ensuing debate revolves around the implications for accountability and the continued public status of “public” institutions. Here the question is this: will public organizations increasingly serve private interests?

A second question about NPM is its effect on our conceptions of citizen responsibility. It is useful to view citizens as having three kinds of relationships with public organizations. NPM focuses heavily on the *customer* role, in which citizens come with expectations that the services they desire are delivered expeditiously. This is a reasonable expectation, but it ignores the other roles that come with being a citizen. The second of these is that of *subject*. Here the person must do things in response to the exercise of public authority, even if they prefer not to. This includes obeying the police, paying taxes or tax penalties, accepting regulations, and so forth. While this relationship can be handled efficiently, it is also a different kind of a relationship than a customer has in a private-sector transaction. The third citizen role is that of *partner*. The ability of public agencies to carry out their work is heavily dependent upon community policing. If community members do not work with the police in a partnership, there is going to be little success in reducing neighborhood crime. The question here, then, is this: are we in danger of replacing the idea of a collaborating citizen with that of a demanding customer?

The next question about NPM concerns its powerful status. That status comes from its previously noted endorsement by influential international organizations, international scientific and professional groups, and some nations. Dorte Salskov-Iverson and her coauthors comment that

[t]he history of the discourse of NPM shows a development from scattered ideas and pluralistic rhetoric to a more focused, normative discourse about the necessity of change and the *correct way* to create better public services, favoring managerial technologies over more traditional bureaucratic measures. By shaping the claims and declarations of prestigious organizations such as the OECD and the World Bank, NPM discourse [is produced] globally, with a specific view to local application in all places and at all levels.⁸

Although in the early life of NPM its advocates emphasized the importance of taking into account different cultures, political structures, and local tradi-

tions, that has since changed. NPM became so powerful that Salskov-Iverson et al. described it as a top-down “hegemonic process” that gives the appearance of only one way for public institutions to adapt to globalization. They referred to this sense of a “One Right Way” as the “naturalization of change.”⁹ Despite these claims that NPM is the indisputable “natural” way, what happens in practice varies. When NPM principles are implemented in specific settings, they are reshaped by the real worlds that people live in. The question here, then, is this: will NPM freeze out alternatives that are more contextually appropriate?

The final concern raised about NPM is about the values it will bring to, or take out of, public institutions. While it can be overstated, it is a fair generalization that private-sector organizations are mobilized by the values of efficiency and effectiveness and that public organizations are mobilized by equality and inclusion.¹⁰ It is, in part, the historic commitment to equality and inclusion that has meant public organizations are less efficient. On the other side, it is the option that private-sector organizations have to give these values a lower priority that has allowed those organizations to be more efficient. The question here is this: will the adoption of NPM principles mean that the public-service values of equality and inclusion become less and less important in what public organizations do?

Administrative Reform in Response to Globalization

In 2001 the *International Journal of Administrative Sciences* published an article by Nick Manning, a senior public-sector management specialist for the World Bank. Titled “The Legacy of the New Public Management in Developing Countries,” the article summarized Manning’s conclusions about the impact of NPM. He observed the high expectations of its advocates that NPM would produce an effective reform agenda for improving public sector institutions worldwide.¹¹ Rather than seeing effective reform, Manning thought that “[i]n looking at whether it worked, we are forced to draw some conclusions from an eerie silence from the evaluators. It seems probable that the direct contribution of NPM to public sector responsiveness or efficiency outside of the OECD has been slight at best, and it has probably been positively harmful in some settings.”¹²

Manning observed that in many developing countries the NPM label was applied to changes being undertaken, but nothing of any significance resulted. In other cases the prescriptions were indeed implemented but were inappropriate in the setting and had the effect of making things worse.

This poor record did not lead Manning to conclude that NPM brought no gains. Instead, the failure of NPM to deliver on its claims has “highlighted that the underlying development task is that of creating meaningful public expectations and public sector disciplines.”¹³ His reference to “meaningful public expect-

tations” reflects his view that perhaps the best hope for creating responsive public institutions in the most difficult environments is the development of public attentiveness combined with initiatives that matter to the general public, to NGOs and the media, and to other stakeholders.¹⁴

For Manning the bottom line is that although NPM did not come near to meeting its expectations, the failures and the debate over what they mean have created some new possibilities.

In summary, if the excessive claims of NPM did little damage in the long run, this was more by luck than by judgment. One lesson from the NPM adventure is fundamental: there are no silver bullets. However, the relative failure of NPM has opened up some interesting, albeit untested, possibilities. We will certainly be fortunate if it turns out that its lack of success has inspired some much-needed fresh thinking.¹⁵

Lois Recasino Wise pursued a different issue in relation to the global dominance of NPM-related discourse. She observed that today, “[p]ublic management reforms often are portrayed as part of a global wave of change, and all organizational change is interpreted within a single reform paradigm that is rooted in economics and market-based principles.”¹⁶ Noting that opposition to NPM commonly is associated with concerns that it departs from traditional principles of democracy, she observed that historically reform has been made up of competing and recurring agendas that reflect different values. She assumed, therefore, that “alternative forces of reform do not disappear, but rather remain influential even when discourse is focused on other agents of change.”¹⁷

To test this Wise utilized the concept of “competing drivers of change” to examine whether or not different sources of administrative reform, based on different values, may continue to be influential, despite being less visible. Her work looked for different “drivers of administrative reform during the same period in which NPM-style reforms became dominant.”¹⁸

Wise named competing motivations for reform “The Demand for Greater Social Equity,” “The Demand for Democratization and Empowerment,” and “The Humanization of Public Service.”¹⁹ The Social Equity driver is animated by a focus on fair treatment. Laws, policies, and practices that prohibit employment discrimination and promote fair treatment in public organizations reflect this driver. So do policies to promote tolerance, level differences between social groups, and use the public sector to model and promote standards of fair treatment in society. The Democratization and Empowerment driver focuses on increasing participation and democratic accountability. This driver is seen in efforts to advance access to public-service leadership to more social groups, in the promotion of participative decision-making styles over top-down systems,

in the active engagement of citizens in bureaucratic decisions, and in initiatives to redress the distribution of power in society. The third driver, Humanization of Public Service, prioritizes the human side of public-administration systems and the quality of working life for public employees. It is embodied in initiatives that emphasize employee development, work schedules that balance job and family needs, childcare options, and eldercare services.

To test for the presence of these drivers during the period of NPM's hegemony, Wise looked for evidence of language, policies, and programs that reflected the continued influence of these drivers in three countries: Sweden, Norway, and the United States.

Her analysis concluded that in fact these "competing drivers" for administrative reform remain influential despite not being dominant. The case studies "lend support to the argument that multiple factors determine the way reform waves affect different countries."²⁰ Within the limits of her study and the restrictions on generalizing from these particular national settings, Wise recommends that other researchers explore "the extent to which other drivers of reform have served as change agents of contemporary public management reform. We cannot assume that similar patterns for the three drivers studied here would be observed in other countries or at different levels of government."²¹ The direction of change in administrative systems is unlikely to be the product of any one approach. "Normative influences are reflected in a stream of activities that occur within the same time period in different civil service systems. This comparative analysis provides insights into the potential capacity for change in different reform remedies in different national contexts."²²

What can we conclude from this about the reform of administrative systems in an era that (1) produces global reform ideologies and (2) requires that these public systems respond effectively to the opportunities and challenges of globalization? In *The Future of Governing*, B. Guy Peters summarizes approaches that have been taken internationally to improve systems of public administration. He does this by arguing that there are four broad, sometimes overlapping, approaches to reform: the market model, the participatory state, deregulated government, and flexible government.²³

The market model rests on the priority given to the values of high efficiency and low costs, objections to public monopolies, and the desirability of infusing business culture into public organizations. These elements place it nearest to what makes up NPM. Market-model advocates propose creating smaller, more manageable units, new incentive systems, internal and external competition, and true costing, including opportunity costs as well as incurred costs. This model implies that the *public interest* is found in low costs to taxpayers, good performance by public agencies, and responsiveness to consumers.

The participatory-state model is based in concerns about the current under-

utilization of public employees; the belief that knowledge, power, and shared purpose matter in motivating employees; and the premise that direct citizen participation in agency activities is desirable. Advocates of this model propose less hierarchical organizations; more employee participation, such as might be found in total quality management programs; and more regular citizen participation in the life of public organizations. The *public interest* rests in the full utilization of public employees, open government and maximum inclusion of social interests in what government does, and building the value of citizenship.

Deregulated government is based on the importance of liberating public organizations from the tyranny of rules that have built up over time, as well as the need for public employees to take more risks. This approach to reform emphasizes reducing the power of central control agencies and the number of rules they generate regulating personnel, purchasing, and budgeting; putting more resources into auditing and evaluating what agencies actually do; and building a strong public-service ethic. The *public interest* implied by these reforms is found in reaching a better balance between the need for control and the need for action, recognizing that an active government is as important as complete accountability, and accepting that some errors are an acceptable price for energy released on behalf of public purposes.

Peters' fourth reform model, flexible government, focuses on the desirability of the public sector responding more quickly by using nontraditional structures and processes. These new approaches can include a combination of having more control over the labor force through new personnel policies, greater use of networks of private or nonprofit providers, and the utilization of information technologies to create "virtual organizations" that appear and disappear according to what issue is being addressed. The *public interest* implied by the flexible model of reform is found in cost savings and in getting rid of fossilized agencies that are unable to adapt their efforts to address contemporary issues.

Peters concludes on the basis of his analysis that there are, and should be, a variety of approaches to the reform of public institutions, reflecting their different purposes and varied settings. The crucial point is that responses to reform-related challenges raised by globalization are a matter of judgment and balance informed by context.

This point was illustrated in an experience of mine. Recently ten public officials from Guangdong, China, participated in a graduate seminar that focused on the reform of public organizations. We reviewed the different models of reform summarized by Peters and then discussed the pros and cons of each. The Chinese officials initially were intrigued by the idea of deregulating government agencies since they, too, suffer the frustrating inflexibilities of rule-encrusted organizations. After some discussion, however, they came to argue strongly that deregulation of their administrative apparati presented a threat to democratic

prospects in their society. Their concern was that reducing the rules that controlled what public officials do would create an environment for new “cults of personality” and the establishment of administrative fiefdoms. From their perspective, deregulation may make sense for Americans, given their political history and current stage of political and organizational development, but it is not appropriate for the Chinese.

What, then, determines the framework for reform? One important factor is the current capacities of public institutions. Capacity refers to such things as resources, technical systems, a public-service ethic, and education and training. Where there are no mechanisms for effectively enforcing policies, or where public organizations are unresponsive, unaccountable, and/or inequitable, careful judgments will have to be made about where organizational reforms should take place to achieve long-term public purposes, how much the private sector can be utilized, economic viability, and institutional legitimacy.

What Peters refers to as “reform fatigue”—a history of experiments with total quality management, reengineering, or similarly heralded change strategies—will need to be factored into any decision to initiate a new series of reforms.²⁴ In some cases the strength of even the traditional model of public bureaucracy—the model to which NPM is a reaction—in providing predictability to citizens and the private sector may outweigh the desirability of greater flexibility.

Cultural values, specifically political culture, are another important factor affecting what public administration reform will look like. Political culture refers to shared views of such things as the appropriate role of government in social and economic life; the role of parties, elites, and interest groups in the political process; and the desirability of public participation. Political cultures form in specific locations in response to externally generated events such as wars or business cycles; local conditions such as social crises, climate, or resources; and, most important, the ongoing merging, overlaying, and conflicts of ethnic groups and ethnic-group values.

According to Daniel Elazar, for example, American public institutions tend to reflect an individualistic political culture that deemphasizes community and minimizes the role of public institutions in favor of personal relationships and private concerns.²⁵ Individualistic political culture favors private parties negotiating their own social needs and economic interests in a market-like setting.

This perspective on public life and public institutions competes with two others. The first is a moralistic political culture that emphasizes the nurturing of common values and the development of viable communities. This is, for example, a dominant strand in Japanese political life. Moralistic political culture rejects the unrestrained pursuit of private interests and is wary of the effects on community of an unregulated commercial marketplace. Here public institutions

are valued insofar as they are able to balance commercial activities against broad public benefit. The second competing perspective is a traditionalistic political culture that favors arrangements that protect base values, continuity, and stability while rejecting both the pursuit of private interests and high levels of community involvement. Thailand provides a good example of this political culture.

The point is not that these particular political cultures will be found everywhere, although it would be surprising if elements of them were not in competition in many locations, partly as a result of globalization. Rather, the point is that, as this volume illustrates about East Asia, there are significant differences in the constellation of values and beliefs out of which public institutions must respond to globalization. The real challenge is to negotiate a path between dependence on traditionally rigid and ineffective public bureaucracies and reformed public organizations that are action oriented but inappropriate for their particular circumstances, and not public regarding.

Conclusion

As a symbol of a global reform agenda, the New Public Management is in part a product of globalization and a proposal to deal with globalization. This review argues that NPM is only one of a number of ways to frame the complex process of public institution reform. Sensitivity to this perspective is especially important if the administrative aspects of public institutions are to play a meaningful role in promoting the public-regarding outcomes of globalization.

Notes

1. Elaine Ciulla Kamarck, "Globalization and Public Administration Reform," in *Governance in a Globalizing World*, ed. John D. Donahue and Joseph Nye, Jr. (Washington, DC: Brookings Institution Press, 2000), 251.

2. *Ibid.*, 230.

3. *Ibid.*, 229.

4. Richard Stillman, "American vs. European Public Administration: Does Public Administration Make the Modern State, or Does the State Make Public Administration," *Public Administration Review* 57.4 (July/August 1997): 332–338.

5. Charles Goodsell, *In Defense of Bureaucracy*, 2d ed. (Chatham, N.J.: Chatham House Publishers, 1985); Peter Blau, *The Dynamics of Bureaucracy* (Chicago: University of Chicago Press, 1963); James Q. Wilson, *Bureaucracy* (New York: Free Press, 1989).

6. C.f. David Osborne and Peter Plastrik, *Banishing Bureaucracy* (New York: Penguin Books, 1998).

7. Theo A. J. Toonen, et al., *Civil Service Systems in Comparative Perspectives* (Bloomington: Indiana University Press, 1996), 184.

8. Dorte Salskov-Iverson, Hans Hansen, and Sven Bislev, "Governmentality, Globalization, and Local Practice: Transformation of a Hegemonic Discourse," *Alternatives: Social Transformation and Humane Governance* 25.2 (April–June 2000): 38, as found in EBSCOhost.html. Italics added.

9. *Ibid.*, 20.

10. On these points, see, e.g., Demetrios Argyriades, "Values for Public Service: Lessons Learned from Recent Trends and the Millennium Summit," *International Review of Administrative Sciences* 69.4 (December 2003): 521–533.

11. Nick Manning, "The Legacy of the New Public Management in Developing Countries," *International Review of Administrative Sciences* 67.2 (2001): 297.

12. *Ibid.*, 298.

13. *Ibid.*

14. *Ibid.*, 306.

15. *Ibid.*, 308.

16. Lois R. Wise, "Public Management Reform: Competing Drivers of Change," *Public Administration Review* 62.5 (September/October 2002): 556–567.

17. *Ibid.*, 556.

18. *Ibid.*

19. *Ibid.*, 557–558.

20. *Ibid.*, 563.

21. *Ibid.*, 564.

22. *Ibid.*

23. B. Guy Peters, *Governing*, 2d ed. (Lawrence: University of Kansas Press, 2001).

24. *Ibid.*, 168.

25. Daniel J. Elazar, *American Federalism: A View from the States*, 3d ed. (New York: Harper and Row, 1984).