POLITICAL CONSEQUENCES OF THE NEW PUBLIC MANAGEMENT

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Abstract
This research project investigates some criticisms on the New Public Management (NPM). These include the introduction of economic values, the claim of value-neutrality and the vision on the state. It is argued that NPM has a significant political dimension. Afterwards, a research proposal suggests some possibilities to test these criticisms empirically. The consequences of NPM on political control will be tested through several case studies of Flemish agencies, and managerialist tendencies will be studied, using a survey of Flemish public managers.

Key words
New Public Management, agencification, neo-managerialism

1 THEORETICAL FRAMEWORK

1.1 The end of the Progressive Era

New Public Management (NPM) means a radical shift from the so-called progressive public administration, that is, the style of public administration that emerged in the late nineteenth and early twentieth centuries. According to Hood (1995), this era had two fundamental characteristics. First, the public sector was kept sharply distinct from the private sector. Public service professionals were seen as a “Jesuitical corps” (Barker, 1984, p. 34), praised for their specific ethos, career structure and their way of doing business. Second, public administration was characterised by an enormous set of procedural rules aimed at limiting both political and managerial discretion. These rules were designed to prevent corruption and favouritism.
The bureaucracy, the preferred organizational structure, embodies these characteristics. Bureaucracies were seen as a rational, efficient method of organization, as opposed to the arbitrary exercise of power by authoritarian regimes. According to Osborne and Gaebler (1993), the product of these bureaucracies was a government with a distinct ethos, impersonal but slow and inefficient. Performance evaluation of such bureaucracies will “inevitably” be problematic (Hood and Schuppert, 1988, p. 5). Moreover, the top-down instructions and command-and-control mechanisms reflect a deep sense of distrust between politicians and public servants.
Although Osborne and Gaebler (1993) admit that bureaucracies did have their merits in an industrial economy, it is no longer suitable in a post-industrial society. The industrial society was a slow-paced society, characterised by its mass markets, where people had similar needs, strong geographical communities, with a logic of hierarchical authority and functional specialization. The post-industrial society on the contrary is a globalized and knowledge-based economy. Globalisation unleashes an enormous competitive pressure (Steane and Carroll, 2000). Workers get access to information as fast as their superiors. They are well educated and therefore demand more autonomy. The mass markets disappear and are replaced by niche markets, with customers who want high quality and an extensive choice between products.
These new societal demands require new governmental institutions. These institutions must be flexible and responsive to customers, offering a range of high-quality and nonstandardized services and lead through incentives rather than commands. If government wants to meet these new, continuing needs of the society, it will have to become more effective and more efficient (OECD, 1997).

1.2 Characteristics of NPM

Hood (1991, 1995) states that the basis of NPM lay in reversing the two cardinal doctrines of the progressive public administration. Although not undisputed (Gruening, 2001), the features of NPM can be clustered in these two doctrines.

The first set of characteristics is intended to lessen or even remove the distinctions between public and private sector. This includes privatization, marketisation and decentralisation. Public organizations need to adopt “proven” (Hood, 1995, p. 96) private sector-styles of management. Contract-based competition should be introduced, including competition within the administration. More stress on discipline in the use of resources is needed, thus focussing more on efficiency and effectiveness of policy. Unbundling the public sector into corporatized units, organized by product is believed to increase this focus. Other techniques are contracting-out, public-private partnerships, citizen participation, budgeting and accounting reforms, separation between service provision and service production, one stop shops, user charges, budget cuts and strategic planning (Pollitt, 2003; Gruening, 2001).

The second set of characteristics aims at shifting the focus of accountability. Accountability of results should replace the traditional process accountability. Managers should be allowed more discretionary power in determining how the political goals should be reached. In return, accountability is made clearer through more explicit, measurable standards and greater emphasis is put on output controls. Techniques here include performance audit (Pollitt et al, 1999), evaluation, introduction of a managerial culture, internal and external control reforms, empowerment and the introduction of quality systems (Pollitt and Bouckaert, 2000; Pollitt, 2003; Gruening, 2001)

1.3 Accountingization

Accounting has played a crucial role in NPM-reforms. Hood (1995) uses the term “accountingization” (Power and Laughlin, 1992, p. 133) to indicate the increasing cost categorization in areas where costs were previously only aggregated, pooled or undefined.
Ezzamel et al. (2004, p. 147) define accounting as “the provision of information about the financial position, performance and adaptability of an enterprise that is useful to a wide range of potential users in making economic decisions. In operational terms, this includes all types of financial information and budgets, as well as wider, non-financial, performance measures.”
NPM is specifically designed to make new accounting information available, which should increase accountability. NPM distrusts public servants whose activities need to be more closely costed and evaluated by accounting techniques (Hood, 1995). Traditional cash accounting and control over inputs is therefore not suitable anymore. Cash accounting merely focuses on the budget and on legal compliance, rather than on managing resources effectively and efficiently (Pallot, 1998). NPM promotes the use of accrual accounting, which provides information on assets and liabilities. This allows politicians to know the full costs of outputs and to monitor the return on investment and financial viability.

1.4. Criticisms on NPM

There is an extensive literature that criticizes NPM. One stream of literature criticizes NPM for ignoring history.
In his critique on the reinvention movement, Williams (2000) refutes the idea that the overarching message of reinvention is new. He states that the theme of looking at the private sector to learn how to work efficiently and effectively, has recurred frequently throughout the twentieth century. Techniques like performance measurement, performance budgeting, privatization, involving the not-for-profit sector, long range budgeting, management by objectives and even the recognition of dysfunctional effects of too many rules, can be traced back long before the reinvention movement. Therefore, according to Williams (2000), the

reinvention movement is not a paradigm shift in public administration as it claims to be (Osborne and Gaebler, 1993; Borins, 1995; Hood, 1995).

Other authors argue that NPM is too simplistic in its criticism on old public administration. The image of traditional public administration as a largely self-serving, Weberian bureaucracy that was strictly separated from politics and acted on the basis of a scientific technocratism does not correspond to reality (Lynn, 2001). The policy-administration dichotomy was much more subtle. Politics was primarily responsible for policy formulation while administration was primarily responsible for executing policy. However, these responsibilities were not exclusive. It was even recognised that formation is inseparable from execution (Lynn, 2001).
Contradictory to its criticism on the politics-administration dichotomy, NPM establishes a new dichotomy through the separation between steering and rowing, that is between provision and production of public services (Osborne and Gaebler, 1993; Frederickson, 1996; Kellough, 1998) even though this dichotomy has been widely discredited (Rosenbloom, 1993; Friedrich, 1981; Appleby, 1981).

Similarly, NPM's bureaucracy bashing is also too simplistic. According to Ricucci (2001) NPM's stress on efficiency and effectiveness is not new. Even Osborne and Gaebler (1993) admit that bureaucracies originally were intended to introduce efficiency and rational decision making into public administration. Furthermore, bureaucracy has clear positive features. Its central values are reliability, equity and anti-corruption. They work according to predictable rules, based on public law. Bureaucracies encourage loyalty and discourage opportunistic attitudes of civil servants (du Gay, 2000).
Pollitt (2003) argues that bureaucracies are not monolithic. The term bureaucracy is a general term for a wide variety of organizational forms, including specialist, single-purpose agencies and boards that were not part of the central ministries.

1.4.1 Political significance of NPM

There is a large stream of literature emphasising that NPM is not merely a 'technical', administrative reform but has an important political dimension that needs more attention.
Traditional public administration attached great importance to values such as the pursuit of honesty, fairness and mutuality based on preventing corruption (Hood, 1991). Lynn (2001) adds that civil servants exhibited a great deal of respect for law and politics. Government fostered values such as responsiveness, collaboration, representativeness, equality (Mosher, 1992) and a concern for democracy (Behn, 1998).
NPM however cultivates economic norms and values. It introduces into public administration, a model of governance and organisation that is focussed on efficiency, economy and parsimony. These values claim to cut costs and doing more for less, by improving the quality of management and introducing new structural designs (Hood, 1991).

The introduction of these values has been strongly criticised in public management literature. Several authors argue that NPM undermines the traditional public service ethos (Goodsell, 1993). Haque (2001) states that the introduction of private sector techniques has diminished the publicness of public service. NPM has challenged the very distinctiveness of public service, "including its service norms such as impartiality and openness, its principles such as equality and representation, its monopolistic and complex nature, and its longer and broader social impacts" (Haque, 2001, p. 66). Ranson and Stewart (1994) contend that values of the private sector even have come to dominate thinking about every type of organization. Economic values such as value for money, value creation and added value are increasingly being used in public sector discourse (Berg, 2001). Gawthrop (1999) concludes from a number of case studies that an increasing preoccupation of public servants with entrepreneurship, competition, efficiency, and performance management could undercut values such as benevolence and justice.

On the other hand, Hood (1991) asserts that there is no a priori conflict between traditional values and NPM and that these conflicts remain to be tested. Moreover, some NPM-values are even highly desirable, such as increased attention to customer service, innovation and quality (Pollitt, 2003; Kernaghan, 2000).

1.4.2 Value-neutrality of NPM?

NPM claims to depoliticize public administration. By introducing more economically oriented instruments, NPM-reforms want to "establish a thoroughly rational environment, something that never exists in government" (Osborne and Gaebler, 1993, p.235). Relating to the provision of services, Osborne and Gaebler (1993, p.181) state that politicians too often "interfere". The solution for this interference is to introduce customer-driven systems that will "depoliticize" the choice-of-provider decision. Gorz (1989) calls this 'economicization', the expansion of the sphere of economic rationality into areas traditionally excluded from the market economy. Economic measures, such as the unit cost, replace the non-economic, unquantifiable measures. In this way, NPM introduces into public administration other decision signals than mere political signals, like cost-efficiency, professional norms, user and customer interests (Christensen and Laegreid, 2001). This should increase the professionalism of management and turn policy into a "neat, predictable politics of expertise governed by rational decision making and performance measures" (Garofalo, 2000, p.108).
However, this increased rationalization has dangerous consequences. By attaching greater importance to economic decision signals, civil servants will attach less importance to political signals and in some cases even find political interference inappropriate (Christensen and Laegreid, 1998; 2001). By depoliticizing policy decisions, public administration could become more technocratic. According to Gregory (1998) reforms in New Zealand have replaced the traditional egalitarian culture with a more elitist culture. Top bureaucrats have attitudes from the private sector, and are more sceptical to political processes and control. They regard collective negotiations, conflicting interests, pressure groups and constituencies as rather negative and barely acknowledge the constitutional role of legislatures, courts and executive departments (Lynn, 2001; Nagel, 1997; Garofalo, 2000).
However, the alleged value-neutrality of NPM is a myth. It stems from a "distorted view of human nature" (Bagby and Franke, 2001, p.628). Several authors warn that this could give rise to a new managerial class of experts, sometimes called 'econocrats' or 'accountocrats' who have their own social and political attitudes and exert power as a political group (Schwartz, 1994; Hood, 1995; Ezzamel et al., 2004).

1.4.3 Vision on the state

Because it claims to be neutral, NPM also says not to embody a political vision on the state. Traditional bureaucracies are "a failure of means, not ends", and thus NPM is not about what governments do, but how they operate (Osborne and Gaebler, 1993, p.XXI). However, the vision of an NPM state with improved economic performance, effectiveness and efficiency, a higher responsiveness and therefore an improved quality of democracy reflects an optimistic view of the state. Concepts like privatization, marketization, community participation and the dichotomy between rowing and steering reflect a liberal-democratic, small state. Such a state is sceptical of its own capacities, and is merely devoted with ensuring the conditions in which the individual can realise his own potential (Steane and Carroll, 2000; Bagby and Franke, 2001).

In this respect Steane and Carroll (2000) argue that NPM has somewhat contradictory views on the state. One view is that the state is merely the creature of powerful, self-interested groups in society. The second is the public choice view of the state as a hierarchical and essentially static mechanism which should leave production of services entirely to the market. This contradicts with the third view of the state as an umpire, a dynamic regulatory state, vital for the operations of the global economy.

This vision of a small state has its roots in the NPM-literature of the 1980's and goes back to the neo-liberal Tatcherism and Reaganomics. Some governmental reforms were inspired by the New Right-movement, aimed at rolling back the state (Pollitt, 1993; Evans et al., 1996). However, the assertion that NPM is merely a hidden agenda of the New Right has been refuted by Hood (1995). He pointed out that even countries that are traditionally seen as leftist, notably Sweden, have also gone far in adopting NPM-reforms in the 1980's. On the other hand, countries like Turkey and Japan scored low on NPM emphasis even though the government could be regarded as right wing oriented.

The liberal-democratic view of the state means that NPM is not politically neutral. Some authors go even further. NPM is not only ideologically biased, it even attacks the heart of democracy (Goodsell, 1993). Williams (2000) shows that the reinvention-movement is packed with negative attitudes towards politicians, who are perceived as uncourageous, only focussed on short-term goals and under constant influence of pressure groups. Moe (1994) and Moe and Gilmour (1995) state that NPM fails to account for critical differences between the public and private sector. Government is based on a rule of law and not on market-driven mechanisms. The ultimate goal of government is not to satisfy customers of agencies but to fulfil constitutionally guaranteed rights. Carroll (1995) concurs with this criticism. By satisfying individual customer wants, government will neglect shared, common needs. A public service based on customer needs has implications for broader systems of values such as the rule of law, representative government and separation of powers.

The criticised shift in values, the possible rise of neo-managerialism and the vision of the state fostered by NPM show that there is a political dimension to NPM and that it does have political significance.

1.5 Agencification

Agencification can be strongly associated with Hood's (1991; 1995) characteristics of NPM. They are corporatized units with distinct tasks and resources. They are managed by the department through contracts that set out funding levels and the services that are expected in return. Sometimes they can use private sector styles of personnel management, for instance by attracting executives both from public and private sector. These agencies have a degree of freedom to manage, but in return they are required to account for their outputs. They can also be seen as an example of the purchaser-provider split, with the department being the purchaser of services provided by the agency (James, 2003).

1.5.3 Why agencies?

There are some theories that try to explain why (semi-autonomous) agencies are created. However, "there is no one best theory for explaining agencies" (Pollitt et al., 2004).
The public interest perspective is the perspective often used by governments to justify the agencies, such as in the Next Steps initiative (James, 2003). According to this perspective, politicians believe that the public interest can be better served by executive agencies than by traditional departments. Agencies are thus seen as being better able to reach outcomes in an economic, efficient and effective manner.
A more pessimistic view is used by the bureau shaping perspective. Dunleavy (1991) argues that self-interested senior civil servants use agencies to pass on undesirable activities. In this view, civil servants were traditionally occupied with policy work but politicians demanded them to pay more attention to the management of operational activities. However, instead of giving up their high-status policy advisory work for the less attractive management of operational activities, they choose to pass on the latter to executive agencies. By 'shaping' these new 'bureaus' civil servants could concentrate on the more interesting policy work.
Priest (1998) states that the nature of the task is essential in considering the degree of independence of an agency. Some tasks require a larger degree of freedom. This resembles the more extensive model of Pollitt et al. (2004) which they call the 'Task-Specific Path Dependency model'. They consider the specific pattern of cultural and institutional norms in a particular jurisdiction, in other words the 'path' of that jurisdiction as an important factor explaining agencies. Whether agencies are used depends on the particular history of the jurisdiction. The other important factor is the nature of the task that is given to the organization.

There is a wide variety of specific reasons why agencies are created: agencies are assumed to be more responsive to customers, creating separate and transparent roles for organizations could strengthen political control, managers could be allowed to manage and achieve efficiency, enhancing flexibility and expertise by creating small, highly skilled and specialized agencies (Osborne and Gaebler, 1993; Hood and Schuppert, 1988; Van Thiel, 2001; James, 2003).
However, there are also more negative reasons to create agencies (Dunleavy, 1991; Yamamoto, 2004, James, 2003). Agencies can be useful to pay off political allies, to create an institutionalized power base for some party or faction, to distance politicians from unpopular activities, to make it look as though bureaucracy is being downsized, or to create islands of income generation which can be 'milked' for various purposes (Talbot and Caulfield, 2002).

1.5.4 Principal/agent theory

A common used framework to study ways of steering of agencies is the principal/agent theory. According to Hood et al. (2004) this theory is predominantly useful for designing contracts to monitor agencies.
This approach proposes a principal with specific objectives and agents who are needed to implement activities to achieve those objectives. Thus, the principal delegates authority to the agent to act on behalf of the principal, by providing instructions to the agent. However, although these agents will share some of the principal's objectives, they also have other interests, such as increasing their income or reducing time and effort they devote to tasks for the principal. Agents also have more information about what they do than the principal, giving them an advantage which could allow them to pursue their own interests, at the expense of the principal's. There are two types of information asymmetry. Hidden information means that information becomes available only after completing the transaction. Hidden action means that the agent can affect the outcomes that occur but these are not observable by the principal.
To overcome this information asymmetry the principal can obtain information about the agent's actions from the agent itself or from others, but this has significant costs or could be impossible. Therefore, the principal will try to establish incentives that are in line with the agent's own self interests. To control the agent's actions the principal can construct a contract with rewards and penalties and design accounting monitoring regimes (Pratt and Zeckhauser, 1991; Broadbent et al., 1996; Stanbury, 1994).
In our research, this means the ministry is the principal, holding semi-autonomous executive agencies to account. Some possible research questions derived from principal-agent theory are presented in table 1 (see page 12).

1.5.5 Decision space approach

The decision space approach is an elaboration of the principal agent-theory, originally developed by Bossert (1998) to study decentralized health authorities. It is an instrument to measure the degree of discretion, in other words the decision space, of the agency. It is intended to analyze three key elements of decentralization:

1. The amount of choice that is transferred from central institutions to institutions at the periphery,
2. what choices local officials make with their increased discretion,
3. and what effect these choices have on the performance of the health system.

Bossert (1998) constructs a matrix, where each line is a functional domain (finance, service organization, human resources, access rules, governance rules) and the columns are the range of choice the agency has in the specific domain (narrow, moderate, wide). Determining the amount of choice for each domain ultimately gives the map of decision space.
For our research, the instrument is particularly useful to describe the shift in the range of control that the principal can exercise over the agent, and thus determining the decision space of agents and principals.

1.5.6 ***Accountability***

Central in principal-agent theory is the concept of accountability, or "how busy 'principals' may exercise effective control over their far flung 'agents'" (Goetz and Jenkins, 2004). Accountability and delegation are clearly linked together. According to James (2003) they are opposite sides of the same coin.

Accountability is a relationship where A is accountable to B if A is obliged to explain and justify his actions to B, or if 1 may suffer sanctions if his conduct, or explanation for it, is found wanting by B. Accountability is a relationship of power: the less
powerful principal holds the more powerful agent to account (Goetz and Jenkins, 2004). Generally, being held to account includes several things (Priest, 1998):

1. How and for what purposes were resources utilized?
2. What processes or means were used in exercising the delegated authority?
3. What results were achieved and how did these relate to the authority delegated?

There are several aspects and types of accountability. *Answerability* means that an agent has to provide information about its actions and justify the correctness of its actions. This is a rather weak form of accountability. A stronger form is *enforcement*, which means that the agent will suffer from penalties if its actions or justifications are unsatisfactory.

Vertical forms of accountability means that the principal plays a direct role in holding the agent accountable. *Horizontal* forms of accountability means that the principal plays an indirect role and delegates the monitoring to other actors.

There is also a distinction between *ex ante*-accountability and *ex post*-accountability. The former means that a proposed action is subjected to questioning before it is finally approved. Ex post accountability means that the impact of the agent's actions can only be assessed afterwards. Ex post accountability is generally considered as the one true form of accountability (Goetz and Jenkins, 2004, see Broadbent et al., 1996).

Stewart (1984) has constructed a 'ladder' of accountability. These are several levels of accountability. Each level is a tighter control and more precise account of actions undertaken by the agent. The lowest rung of his ladder is "accounting for probity and legality", which reports whether the funds have been used in an appropriate manner. The next level is process accountability, followed by "performance accountability" and "programme accountability". The final level is "policy accountability". Accounting information specifically plays an important role at the "programme" and "performance" levels, where goals are interpreted into measurable outcomes.

Behn (1998) argues that accountability mechanisms should clarify four major issues:
Who decides what results are to be produced?
Who is accountable for producing these results?
Who is responsible for implementing these results?
How will that accountability process work?

Based on the principal/agent theory Priest (1998) constructed a framework to develop accountability mechanisms. He describes four essential parts of the accountability mechanism.

The first part is the delegation of authority to the agent and the principal's instructions to the

agent. These instructions can take several forms, ranging from informal meetings, to formal policy directives and regulations. The second part is the ex ante determination of what criteria the principal will use to evaluate the agent's performance. Such criteria should serve as incentives to align the agent's interests with the goals of the principal, although performance criteria are often developed by the agent itself and only rarely by the principal.
The third part is the flow of information to the principal about the performance of the agent. The final element is the mechanism for sanctioning or rewarding the agent.

Our research focuses on the flow of information. "Information is central to any accountability regime" (Priest, 1998, p. 16). Information is important for the principal in order to steer effectively. Here again, the sources of information can be formal as well as informal.
Given the information asymmetry suggested by principal-agent theory, the quality of the information is hard to judge by the principal. This is specifically important for agencies with politically sensitive tasks.
Much research has been undertaken on the design of accountability mechanisms, focussing on the incentives, reporting mechanisms, rewards and sanctions. It seems that less attention has been paid to issues relating the principal, notably about the steering capacities of the principal, who lacks the expertise the agent has. Recent research by Ezzamel et al. (2004) suggests that politicians cannot adequately interpret the financial information provided by decentralized governments. Politicians are not accountants and although the financial information might be improved, the level of accountability is not satisfactory if this information is not used.

Specifically relating to politically sensitive tasks, some questions are still unanswered. Even though agencies are to a large extent autonomous, ministers still retain the power to intervene, to alter the system and to reorganise the status of the agency, e.g. to bring the agency back into the department (James, 2003). It is likely that for politically sensitive and important tasks, the amount of agency discretion will be lower (Calvert et al., 1989). How does the steering of these agencies differ from less sensitive, more technical matters? Do ministers use the power they retain more or differently for politically sensitive agencies? Does the capacity to control the agencies differ? Is the accounting information available to and used by politicians? What informal channels through which politicians want to influence the agency are developed? Do politicians make more use of informal meetings than formal financial reporting? Are there indirect ways of influencing the agency, such as the power to appoint senior management (Calvert et al., 1989)? Or do NPM tools in these agencies make it impossible for politicians to interfere? Pierre (2004) states that, although Swedish agencies are very autonomous, politicians have developed informal ways of steering, such as political appointments and informal networks of influence.

Table 1: Research questions derived from principal-agent theory

<table>
<tr><th></th><th>Principal</th><th>Agent</th></tr>
<tr><td>Importance</td><td></td><td>How much staff do they employ?
How much money do they spend?</td></tr>
<tr><td>Drivers</td><td>Most important pros
Was there a specific plan?</td><td>Most important pros
Autonomy?
Consequences of decisions for other agencies?</td></tr>
<tr><td>Threats</td><td>Most important cons</td><td>Do they perceive themselves as having an own culture?</td></tr>
<tr><td>Amount of choice</td><td>Responsibility/power that ministers retain
Are there informal ways of influence?
Relationship between steering and political sensitivity of tasks?
What instructions are given to perform the tasks?</td><td>Degree of freedom
Is there innovation? (temporal, structural, functional)
Freedom to raise revenue from customers?
Does discretion vary accross agencies?
Organizational change after delegation?
Objective versus subjective degree of autonomy
Freedom to modify service or deliver other services?
Possibility to hire and fire and provide incentives to employees?
Level of administrative capacity and experience?</td></tr>
<tr><td rowspan="6">Accountability</td><td>How is power of agency judged?</td><td>How is power of ministry judged?
Management style (individualistic, consultative,..)
Accountable to which bodies?
Methods of reporting?</td></tr>
<tr><td colspan="2">Does contract set out funding levels, services expected in return?</td></tr>
<tr><td></td><td>People who were involved in reform also working in agencies?</td></tr>
<tr><td colspan="2">Accountable for which activities?
What instruments used to promote accountability?
Actors involved in the process?</td></tr>
<tr><td>Is there answerability?
Is there enforcement? Which sanctions and/or incentives?
Other mechanisms to influence and control decisions?</td><td>De facto accountability?
De jure accountability?
Ex post or ex ante?</td></tr>
<tr><td colspan="2">Informal contacts (frequency, levels and actors)</td></tr>
<tr><td>Information</td><td>How much information available?
Capacity to process information?</td><td></td></tr>
<tr><td>capabilities</td><td>How is expertise judged?

Monitoring capability?</td><td>Powers adequately transferred and commensurated?
Enough access to resources?
Managerial capability?</td></tr>
</table>

2 RESEARCH PROPOSAL

2.1 Date of beginning and planned completion

Date of beginning: 1 October 2004
Planned date of completion: October 2008

2.2 Objectives and questions

This doctoral research is intended to investigate the impact of NPM on the role of politicians in public policy-making. Three underlying questions will be answered:

1. To what extent is NPM adopted in reformed Flemish departments?
2. What is the role of politicians on the one hand and public managers on the other hand, before and after NPM?
3. Do these reforms create managerialist tendencies, resulting in negative attitudes towards politicians?

2.3 Methodology

In the first phase of this research, we will investigate NPM reforms in Flemish departments. Through document analysis, laws and regulations concerning the reforms are investigated. The actual adoption is measured using a compliance index for all Flemish departments (Christiaens, 1999). The objective is to rate each department according to the extent of adoption.

The second phase is an in-depth analysis of the relationship between politicians and managers. Using the compliance index from phase one, agencies of two departments are selected as cases. The first case is an agency from the department that scores the lowest on adoption of NPM, the second case is an agency from the department that has the highest score.
In both cases management reforms are thoroughly studied. More specifically, the focus is on the relationship between politicians and managers. In this phase, document analysis as well as semi-structured interviews with managers and politicians is used.
The relationship is studied for each phase of the policy process (Calvert et al., 1989). The objective is to identify what the discretion of the agency is on the one hand, and the power the minister retains in policy decisions on the other hand. To determine the decision space of ministers and agencies, and how the discretion changes after introducing NPM, the decision space approach can serve as a useful starting point. Is it indeed the case, as NPM prescribes, that politicians focus on policy formulation, i.e. setting objectives, and evaluation of the performance? Or do politicians also try to influence those phases in which agencies have more discretion? Are there informal and indirect ways through which politicians try to gain influence? How does the relationship and influence differ for the department that has gone far in adopting NPM from the department that scored low on NPM? Do agencies in the former have greater discretion than agencies of the latter? These questions relate to the issue how principals try to steer their agents.

Another relevant issue is whether the principal is able to steer the agent. Firstly, this relates to the monitoring capacities of the principal: do politicians understand and use the improved financial data to evaluate the agency? Secondly, it refers to the specific NPM-techniques that are adopted in the agencies. It is likely that in the agency where more NPM is adopted, and thus where decision-making is more rationalised, the decision space of politicians will be smaller than in the agency where NPM is less adopted. The objective of the second phase is to determine whether the decision space of managers and politicians differs in agencies with high adoption of NPM, from those with low adoption.

The third phase concerns the criticisms relating to the neutrality and neo-managerialist tendencies of NPM. To objective is to measure the profile of public managers of all Flemish agencies. Research on this profile is important since these managers will have more power after NPM-reforms are implemented. Furthermore, for politicians it is relevant to know whether managers do indeed tend to be neo-managerialistic or technocratic, since this means that they will have negative attitudes towards politicians and attach great. Therefore, a survey is used to measure political attitudes of 500 managers of Flemish agencies. Several scales of technocratism will be used (Dierickx, 2003). This survey will help us understand whether or not managers tolerate political influence and how they evaluate their relationship with politicians.

3 WORK IN PROGRESS

Since October 2004 a critical literature review is undertaken which should result in a literature review around May. Both NPM-literature and criticisms are studied.

NPM is a very heterogeneous paradigm. Not only is there a great variation in adopted NPM techniques across countries, techniques prescribed by NPM are not always consistent. NPM criticizes bureaucracies for its technocratic tendencies. However, several authors argue that NPM fosters neo-managerialist characteristics, which could create a new managerial class. Through the increased rationalisation of decision-making, managers will attach more importance to economic decision signals and less to political decision signals, thus creating new technocratic tendencies (Christensen and Laegreid, 2001; Hood, 1995; Schwartz, 1989). NPM introduces a new politics-administration dichotomy, which was characteristic for bureaucracies and according to Williams (2000), this is already long discredited. In other words, it seems that although NPM bashes hard on bureaucracy, it seems that NPM borrows and revives some techniques that were typical for bureaucracies.
NPM sees managers as entrepreneurs. They should be allowed to take risks. Managers can be creative and because they are close to their customers, they can find solutions for problems (Osborne and Gaebler, 1993). However, the origin of NPM lies in public choice-theory (Hood, 1991), which has a more negative view over civil servants, who will behave opportunistically and thus they should be closely scrutinized.
Christensen and Laegreid (2001) assert that decentralising autonomy is a symbol of trust towards managers. However, by introducing strict monitoring systems and performance measurement, it becomes a symbol of distrust.

Williams (2000) points out some other contradictions in the reinvention movement. Government should steer, not row, hence government should privatise when possible. However, government should also make investments and even aim at making profit.
Another contradiction is that reinvention promotes decentralization, unless for very small localities with limited resources. These localities should merge into regions. This means that reinvention sometimes means decentralization but in other cases it could mean regionalization.

Because it is so inconsistent, and sometimes even contradictory, it is hard to find useful advice in NPM. It seems that NPM is a framework that can be used to justify whatever actions, and in whatever directions, one prefers. Since NPM appears to be very flexible, it could be used as a political instrument to legitimize diverse interests.

The objective of the current paper is to critically review NPM, specifically its lack of coherence and its claim of being a paradigm shift. What was really innovative about NPM and is this still valid to date?

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