

ASSESSING PUBLIC MANAGEMENT REFORM IN AN INTERNATIONAL CONTEXT

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ABSTRACT

Attempts to understand the global public management reform movement suggest two general implications for research. First, there is a glaring need to understand the short- and long-term outcomes of the reforms where they have been implemented. Second, despite the importance of conducting this research, doing so is almost impossible in the short term and exceedingly difficult in the long term. It is hard enough simply to keep pace with management changes in each nation. It is even harder to make sound multi-country comparisons. Efforts to solve this problem sometimes have led researchers to use a particular nation's reforms -- often New Zealand's -- as a benchmark, but the particular problems facing each nation weaken the value of such comparisons. The paucity of "results about reforms" -- and the need to assess whether management reforms have helped each nation solve its particular problems -- should motivate researchers to press ahead.

INTRODUCTION

Frieder Naschold was a scholar who possessed what seemed to be an almost infinite intellectual curiosity. His work on local governments published in the *International Public Management Journal* (Naschold and Daley, 1999) and elsewhere attests to his dedication to empirical testing of hypotheses about reform and change in government. He not only had a curious mind and a sweeping understanding of the issues shaping public management. He also proved especially effective in bringing widely disparate ideas to his work -- and bringing very different scholars together to explore fresh ideas. This special issue is dedicated to his memory and to his legacy of scholarship. This essay attempts to identify some of the trends in public sector reform from an international perspective as a tribute to Frieder Naschold whose work contributed so much to our understanding of the dynamics of change in government.

Over the past three decades, criticisms about government performance have surfaced across the world from all points of the political spectrum. Critics have alleged that governments are inefficient, ineffective, too large, too costly, overly bureaucratic, overburdened by unnecessary rules, unresponsive to public wants and needs, secretive, undemocratic, invasive into the private rights of citizens, self-serving, and failing in the provision of either the quantity or quality of services deserved by the taxpaying public. (See, for example, Barzelay and Armajani, 1992; Osborne and Gaebler, 1993; Jones and Thompson, 1999) Fiscal stress has also plagued many governments and has increased the cry for less costly or less expansive government, for greater efficiency, and for increased responsiveness. High profile members of the business community, financial institutions, the media, management consultants, academic scholars and the general public all have pressured politicians and public managers to reform. So, too have many supranational organizations, including OECD, the World Bank, and the European

Commission. Accompanying the demand and many of the recommendations for change has been support for the application of market-based logic and private sector management methods to government. (See, for example, T. Moe, 1984; Olson et. al., 1998; Harr and Godfrey, 1991; Milgrom, and Roberts, 1992; Jones and Thompson, 1999) Application of market-driven solutions and business techniques to the public sector has undoubtedly been encouraged by the growing ranks of public sector managers and analysts educated in business schools and public management programs. (Pusey, 1991)

Driving the managerial reform movement has been a notion that the public sector builds on the wrong principles and needs reinvention and institutional renewal (Barzelay and Armajani, 1992; Osborne and Gaebler, 1993; Jones and Thompson, 1999). The strategies have included caps on public spending, tax cuts, selling off of public assets, contracting out of many services previously provided by government, development of performance measurement, output- and outcomes-based budgeting, and business-type accounting. (Guthrie et. al., 1999) The reforms produced all sorts of promises: a smaller, less interventionist and more decentralized government; improved public sector efficiency and effectiveness; greater public service responsiveness and accountability to citizens; increased choice between public and private providers of public services; an “entrepreneurial” public sector more willing and able to work with business; and better economic performance, among others.

The potential has lured many elected officials to what has become known as the “new public management” (NPM). However, academic observers, citizens, and public managers alike have wondered how many of these promises will produce genuine results—and how long any such results will endure. Some principles have already well established themselves. The financial management and accounting reforms have already proven successful. So, too, is the notion that public organizations should be better managed, more responsive, and held more accountable for results. Almost everything else about the new public management, though, is open for debate.

In both practice and study, NPM is an international phenomenon (see, for example, Hood, 1995; Hood, 2000; Olsen and Peters, 1996; Jones and Schedler, 1997; Borins, 1997; Gray and Jenkins, 1995; Kettl, 2000a). The OECD continues to monitor NPM developments across a range of countries (OECD, 1997; PUMA, 1999), and researchers report on developments in particular countries, especially New Zealand, which have drawn international attention. (Boston et. al., 1996; Jones and Schedler, 1997; Guthrie and Parker, 1998; Pallot, 1998) In its early days in the 1980s, NPM was mostly strongly associated with right-leaning governments, like Thatcher in the U.K., Reagan in the U.S., and Hawke in Australia. Since then, however, it has lost its ideological stripes. Left-leaning governments like Clinton in the U.S. and Blair in the U.K. have embraced it as well, along with a democratic Swedish parliament and a conservative British parliament. (Olson et al., 1998)

Despite the rapid spread of these reforms, they have produced wide diversity in practice, even across countries widely regarded as active reformers. (Olson et. al. 1998; Guthrie et. al. 1999) If financial management and accounting changes have been perhaps the most universal reforms, there has been little detailed analysis of the practical application and results of these techniques (Hood, 1995; March and Olsen, 1995). Indeed, analysts have found that the new public financial management has not been so much a uniform,

global movement as a “reforming spirit” focused on instilling private sector financial practices into public sector decision making. It has emphasized new standards in financial reporting, accrual accounting, debt and surplus management, and capital investment strategy that had previously been missing from much government decision-making. If there has been broad application of these techniques, however, there has been little research about what results these strategies are likely to produce.

Attempts to understand the global public management reform movement suggest two general implications for research. First, there is a glaring need to understand the short- and long-term outcomes of the reforms where they have been implemented. Second, despite the importance of conducting this research, doing so is almost impossible in the short term and exceedingly difficult in the long term. It is hard enough simply to keep pace with management changes in each nation. It is even harder to make sound multi-country comparisons. Efforts to solve this problem sometimes have led researchers to use a particular nation’s reforms -- often New Zealand’s -- as a benchmark, but the particular problems facing each nation weaken the value of such comparisons. (See, for example, Riley and Watling, 1999; Barton, 2000; Olson, Humphrey and Guthrie, 2000) The paucity of “results about reforms”—and the need to assess whether management reforms have helped each nation solve its particular problems—should motivate researchers to press ahead.

LESSONS FROM REFORM IN AUSTRALIA AND NEW ZEALAND

Scholars have perhaps focused most on the Australian and New Zealand reforms. They were the vanguard of the NPM. Their strategies and tactics heavily influenced the broader scholarly debate as well as the practice in many other nations. Any understanding of the NPM, therefore, must begin there.

English and Guthrie, for example, have analysed the NPM in Victoria, Australia’s second largest state, between 1992-99 (English and Guthrie, 2001). The reforms were far-reaching and aimed at a major shift in the role and accountability of government. The Victorian model grew on a well-articulated theoretical framework from classical economic theory, and it was well supported by a series of specific government directives and manuals. The reforms attempted to be comprehensive, tackling all components of the public sector and its subsystems. The output-management model developed to determine and report on expenditure, planning, financial management, control and evaluation were comprehensive in both scope and implementation. The reforms, however, promised more than they delivered. In particular, the speed and massive scale of contracting out and privatisation proved difficult to implement.

In fact, Hughes and O’Neill (2001) argue the public management reforms introduced in Victoria by the Kennett government led to somewhat contradictory consequences. While the government implemented arguably successful reforms, particularly in sale of government assets and privatization of services and balanced the budget after serious deficits, cuts in social services also appear to have contributed to Kennett’s electoral defeat. The new public management may have some payoffs, but the political consequences can be significant and unanticipated.

Carlin and Guthrie have examined recent efforts in Australian and New Zealand public sectors to implement accrual output-based budgeting (Carlin and Guthrie, 2001). While

agreeing on the need for public sector accounting reform, the authors use two detailed case studies—Queensland, Australia and the New Zealand national government—to show that the reforms have not accomplished all that their governments had hoped. For example, there is little real difference between the old cash-based and the new accrual budgets. That led the authors to wonder about the effectiveness of management reforms if decision-making was unchanged. Carlin and Guthrie identify three conditions to be met if reforms in public sector accounting are to succeed. First, carefully defined and appropriately specified outputs that relate directly to the activities of the agency are needed. Second, appropriately specified and measurable outcomes must be identified to provide accountability as to the degree to which public resources are achieving public goals. Third, performance indicators and performance measures should provide a link between outputs and outcomes.

In New Zealand, Jonathan Boston (2001) has examined the hard questions of that nation's cutting-edge reforms. For example, at what stage of reform in the public sector does it become possible to conduct a thorough appraisal of results and how does one know when this stage has been reached? How should such an assessment be undertaken? Boston argues that most assessments have focused upon specific changes in management practice, including the introduction of performance pay, the move to accrual accounting, the growth of contracting-out, the separation of policy and operations or the devolution of human resource management responsibilities. Some studies have dealt instead with management changes in particular policy domains—such as health care, education, community services or criminal justice—or within a particular organization (department, agency or private provider). By contrast, there have been relatively few macro evaluations: comprehensive assessments of the impact of root-and-branch changes to the system. Boston provides broad reflections on the limitations to policy evaluation in the field of public management, and more particularly explores the obstacles confronted when assessing the consequences of systemic management reforms. Given his foundation in New Zealand's reforms, perhaps the most systematic and far-reaching in the world, his warnings underline the importance of the evaluation problem.

In his own study of New Zealand, Laking (2001) agrees that serious debate about the New Zealand reform is bedevilled by the limited evaluation. In fact, he concludes, the assessments of the successes and failures of reform in New Zealand to date seem not to be particularly concerned about the absence of comprehensive evaluation. Laking finds that most evaluations tend to assert that there have been overall gains in efficiency as a result of reform, but they are far less certain or negative about the consequences for effectiveness.

Despite the lack of clear evidence about the New Zealand reforms' impact, the elegant simplicity of the reforms has had a seductive quality for analysts. Gill (2001) finds that much of the elegance has been obscured in the intervening years, but that the yield from the reforms has been significant. The trick in evaluating the New Zealand experience with public management reform, he argues, is to compare it with real world alternatives. In using the existing reforms to guide future questions, Gill attempts to unravel the disparate threads about "what remains to be done" by distinguishing four categories of problems: a) Political—problems that are inherent to the political arena, and are evident under a range of public management regimes; b) Incompleteness—problems that provide evidence the system is incomplete in some areas, but do not suggest inherent

difficulties; c) Implementation—problems that stem from the way the system has been implemented; d) Inherent—problems that flow directly from the nature of the New Zealand regime, which might be different in other systems (Gill, 2001: 144).

Few observers write about the New Zealand reforms with more authority than Graham Scott, one of the movement's chief architects for more than twenty years. In looking carefully at the New Zealand experience and comparing it with reforms around the world, Scott has identified important lessons (2001). Among other things, he concludes, the success of management reform depends on: (a) the clarity of roles, responsibilities and accountability in the implementation of management reform; (b) the importance of matching decision capacity to responsibility; (c) the significance of ministerial commitment and clarity of expectations; (d) the structural innovations within the New Zealand cabinet; (e) the need to analyse disasters carefully for what they teach; (f) approaches to embrace and foibles to avoid in implementing performance management; (g) problems caused by confusion over ownership and improper assessment of organizational capability; (h) the fact that actually doing strategic management in the public sector is hugely complicated; (i) that it is time to put an end to the notion that there is an "extreme model" of public management applied in New Zealand; and (j) that public management, government and governance innovations in New Zealand are no longer novel compared to those advanced in other nations. Scott concludes with an admonition to avoid too quickly drawing the conclusion from New Zealand's change in government that past reforms must be quickly and radically changed—or that the New Zealand model has failed.

A senior public servant in the New Zealand Treasury, Andrew Kibblewhite, agrees with Scott on the need for detailed analysis of results and a careful consolidation of the lessons (2001). He suggests that much of the initial energy for reform has faded, that it is time to assess what has and has not been achieved, and that it is important now to search for ways to move forward. The election of a new government in November 1999 stirred a sense of anticipation, as well as some apprehension, across the New Zealand public sector. As New Zealand moves into a new phase of reform, one of the key challenges is to take advantage of what has already been achieved to make government even more effective. Kibblewhite argues further that central agencies can sharpen the specification of outputs by being clearer about the basic management framework by being more flexible about how that framework is applied. Outcome measures should be refined and used along with outputs where feasible. However, he suggests, some outcome measures should be abandoned where they do not provide useful information.

The New Zealand reforms, however, have certainly drawn critics. Robert Gregory (2001) contends that a price has been paid for the overly narrow theoretical framework used to design state sector reforms. According to Gregory, the way ahead must be informed both by more eclectic theoretical input, as well as by closer dialogue between theory and practice. He argues that the state sector reforms in New Zealand, especially in their application to the public services, have been too "mechanistic" and too blind to the important "organic" dimensions of public organizations. They have focused too much on physical restructuring and they have tried too hard to reduce complex government practices to artificial dualities, such as "outputs" and "outcomes," "owner" and "purchaser," "funder" and "provider." They have tended to ignore the less quantifiable and more holistic elements that underpinned a strong culture of public service trusteeship in New Zealand prior to reform. Gregory argues that it is difficult to

conclude that reform has all been for the good. There is too much evidence to the contrary, he asserts.

Tooley's analysis of the New Zealand school system (2001) helps identify those tensions. Despite the rhetoric about decentralization and democratization through devolution of governance and decision making to the level of the individual school and principals as chief executives, there has been a concomitant strengthening of central control over curriculum and tighter monitoring by the Education Review Office. These changes have reduced citizen choice in school education, turned principals into managers instead of skilled leaders and, ultimately, wrested control over education from educators and into the control politicians. Tooley suggests that the educational "experiment" in New Zealand is being reversed because of its inability to deliver the outcomes promised from reform. Recent changes proposed by the government suggest its intent to rein back some of the more "market-oriented" elements of the educational reforms and, in particular, to soften some of the key features of the managerialist approach to education administration. Tooley concludes that the reforms failed almost completely, and that the coalition government elected in November 2000 has or will reverse many of the changes made under previous governments.

Newberry's study of the operation during 1996 of a public hospital emergency department (2001) likewise revealed serious problems. Hostility between the hospital's clinical staff and management escalated to the point that the hospital's Medical Staff Association released a report to the public titled, "Patients are Dying: A Record of System Failure and Unsafe Healthcare Practice at Christchurch Hospital." The report detailed the story of four patient deaths and alleged that deteriorating conditions within the hospital contributed to those deaths. The Medical Staff Association sought a public inquiry, but the Health and Disability Commissioner announced a more-narrow consumers' rights inquiry. Newberry revisits that inquiry and recast its findings in the context of the NPM. She finds that, although the hospital-based reforms were structurally sound and had real value, they did not address the broader issues of performance and accountability. She concludes that NPM as applied in New Zealand needed to create better structures, involve customers more directly in evaluation and decision-making, and be more accountable to the public for results.

Putterill and Speer (2001) likewise found problems in information technology. New Zealand benchmarked its IT innovation and development against its own policy aims and the achievements of a set of peer countries, chosen for similar size and technical sophistication. They concluded that peers nations have significantly outperformed New Zealand. The Zealand government maintained a "hands off" stance, while most of the peer countries actively promoted I.T. involvement. Putterill and Speer question past policy direction, call for more active industry involvement by the New Zealand government, and argue for more industry-friendly policies to advance competitiveness in the region.

In sum, the Australia and New Zealand reforms are the benchmarks by which reforms around the world have been judged. A careful look at those reforms—or, at least, at what analysts have written about them—reveals how much we have yet to learn about what truly has worked and why. Moreover, as the work of some analysts show, serious issues, both managerial and political, lurk just below the surface. Only more careful analysis and comparison can sort out the claims and counterclaims.

LESSONS FROM REFORM IN ASIA

Many Asian nations have worked energetically to reform their public management systems, but comparing their results has been handicapped by the relatively small collection of studies written in English. Moreover, since many of these reforms have occurred in developing nations, they present very different issues and require a different kind of analysis. Clay Goodloe Wescott (2001) poses a number of important questions concerning these Asian reforms. Is it possible, he asks, to measure the quality of overall governance in a developing Asian country? Are present measures robust enough to allow the ranking of countries along a continuum from well-governed to poorly-governed? Should these rankings be used by donor agencies and private investors in making investment decisions? Wescott reflect on these questions and concludes that, despite the complexity and diversity of approaches of governance systems, qualitative and quantitative tools are being used reasonably well in the region.

In Hong Kong, for example, Kevin Yuk-fai Au, Ilan Vertinsky and Denis Yu-long Wang chart a paradigm shift in New Public Management (2001). They argue that contemporary reform has its roots in the late 1960s and early 1970s, with periods of lull and renewal characterized by shifting powers and expectations among stakeholders. Early reforms, especially in the colonial period, sought social legitimacy. The transfer to sovereignty, adjustment of a both the economy and society, and diffusion of new ideas into public management all shaped Hong Kong. The authors investigate the conditions that shaped the reform process in each of Hong Kong's key episodes, the triggers that accelerated it, and the forces that emerged to dampen it. They conclude that, as with many nations, it is simply too early to determine whether reforms now under implementation will be successful.

Yu-Ying Kuo (2001) has explored public management reform in Taiwan in the 1990s. The apex of the movement was government reinvention. In 1998, Premier Vincent C. Siew announced, "the Executive Yuan is energetically planning for and promoting the national development plan for entering the next century, of which the Asia-Pacific Regional Operations Center (APROC) plan and the Taiwan Technology Island Initiative comprise the core." The author argues that NPM developments are likely to determine the direction of Taiwan's government modernization over the next several decades. The government has launched an across-the-board reinvention to create a new, flexible and adaptable government and to raise national competitiveness. At this point there is no way to tell what the new government that took office in 2001 will do with these developments or where they may lead.

Roberts's work (2001) has explored the strategies that public officials use to cope with "wicked problems," especially in Afghanistan. Three coping strategies—authoritative, competitive, and collaborative—have been especially important. The strategies derive from a model based on the level of conflict present in the problem solving process, the distribution of power among the stakeholders, and the degree to which power is contested. Collaborative strategies, she believes, offer the most promise, as illustrated in a case study of the relief and recovery efforts in Afghanistan. Her paper, a revised version of the contribution that won the Frieder Naschold Best Paper Award at the International Public Management Network conference held in Sydney, Australia in March 2000, explores the implications of using collaborative strategies to deal with wicked problems around the world.

The imperatives of management reform have deeply affected the institutions working with Asian nations as well as the nations themselves. David Shand, a senior official at the World Bank working in the East Asian region, has examined World Bank experience in public sector management reform in Asia (2001). He argues that public sector management reform has stimulated a “new wave” of activity in his institution since the 1970s. Many of the World Bank’s strategies to reinvigorate state institutions reflect the thinking of the new institutional economics—the importance of structures, incentives, rules and restraints, norms, and best practices. Recent public sector work has focused on three of the “East Asia five”—Thailand, Indonesia, and the Philippines (the other two of the five are Korea and Malaysia). The World Bank has also focused on smaller countries including Cambodia and Laos. It has made preliminary efforts in the transition economies of China (including Mongolia) and Vietnam. Shand concludes that recent fiscal and economic crises in Asia have created urgent pressures for public sector management reform.

Less clear, however, is how the broader lessons of the Asian experience add up. Research has been scanty and far less systematic than the admittedly rudimentary work on the Australian and New Zealand reforms. Moreover, the experiences of developing Asian nations are bound to be different from highly developed governments with rich administrative traditions, like Hong Kong. Research into these questions, however, is in its infancy, and we consequently know relatively little about the central questions.

LESSONS FROM TWO DECADES OF PUBLIC MANAGEMENT REFORM

What lessons spin from the two decades of reforms and transformations flying loosely under the banner of “the new public management”? A careful review of the experiences of nations around the globe suggests a series of propositions.

1. Public management reform is never done. Analysts and practitioners alike have sometimes been tempted to view the reforms with cynicism. For some, the lack of clear or full success led to the conclusion that the reforms had failed. For others, the evolution of new strategies led to the conclusion that earlier efforts had been abandoned. In fact, history shows that public management reforms recur, with each new piece woven—sometimes seamlessly—into the next. There are several reasons for this. First, no reform can ever fully solve the problems that led to its creation. Lingering issues tend to breed the next generation of reforms. Second, public management is not so much a problem-solving activity as a problem-balancing enterprise. Any reform strategy requires making choices at the margin that focus on some problems more than others and that emphasize some values more than others. Because no solution can ever be complete, each reform necessarily leaves problems unaddressed and under-addressed and every reform therefore breeds the next. Third, because management problems tend to recur and the bag of management tricks is relatively limited, reforms tend to cycle between accepted strategies—periods of centralization followed by episodes of decentralization, deregulation replacing bureaucratisation. Careful observers of administrative reform can detect the recurring patterns.

2. The “new public management” has proven a fundamentally different approach to reform. Some critics have therefore dismissed the new public management as worthless nostrums or old ideas dressed up in new clothes. The experience over the last two

decades, however, shows that there truly has been something new in the “new” public management. To the dismay of some detractors and to the hopes of some reformers, the new public management has introduced a heavy dose of economic models and tactics into public management. From privatisation to performance contracts, the new public management has sought to replace bureaucratic authority with economic incentives. Contracting out and other market-based strategies, of course, have been around for decades, if not centuries. But the new public management pursued them with a single-mindedness unseen previously. Moreover, the new public management reforms spread around the world with an energy and simultaneity never seen before with any kind of management reform. The rise of the internet and relatively inexpensive international air travel helped drive this movement. So too did the near-universal rise of citizen discontent over the cost and performance of government. Never before have so many governments tried such similar things in such short order.

3. Political reality drives management reform more than management concerns. Scholars in particular have examined the new public management and other management reforms, like America’s reinventing government, for theoretical insights. Enduring analytical conclusions have proven elusive because the reforms have been so different. Different nations have gone down different paths because their high-level officials have been trying to solve different problems and cope with different political realities. Even relatively similar nations, such as the United Kingdom, Canada, Australia, and New Zealand, have produced markedly different strategies. Finding common ground with other nations’ experiments has often proven difficult. In large part, this is because top officials launched the management reforms for fundamentally political reasons: to cope with budget crises, to sustain public services without increasing taxes, and to signal concern about citizens’ disaffection with government. Top officials sustained the reforms as long as they had political value; they transformed them or backed away when political pressures demanded. When asked to comment on the New Zealand reforms, one careful observer immediately began discussing the proportional representation plan for the parliament—not the fifteen years of management reforms that preceded it. A New Zealand official tells audiences of his mother’s constant question about the management reforms: “Why does it still take so long to get a gall bladder operation?”¹ Politics lies at the core of management reform, not vice versa. Management reforms have their genesis and sustenance in the degree to which they help solve political problems.

4. The political clout of the new public management has been negligible. After the new public management’s first twenty years, it has become clear that the effort provided little political clout in any nation. In the US, President Bill Clinton significantly downsized the bureaucracy and proudly proclaimed the smallest bureaucracy in 30 years, only to have Republicans win control of both houses of Congress for the first time in 40 years. Vice President Al Gore barely mentioned his reinventing government effort on the presidential campaign trail in 2000 and got no political credit for having led it. Prime Minister Tony Blair made little of his own management reforms in the 2001 elections. There simply is little evidence that management reforms have translated into electoral victories or, even, into modest political gains.

5. Despite the lack of traction from management reform as a political issue, it is a puzzle with which elected officials nevertheless feel obliged to wrestle. Even if public management builds little political capital, management problems do have the potential

to cause enormous headaches. Prime Minister Blair found himself struggling with the management of the foot-and-mouth outbreak as he geared up election campaign, and these struggles in fact shifted the timing of the elections. In the language of political consultants, management reform has little upside potential but can pose a tremendous downside threat. In other words, it might not help, but it certainly can hurt. Management problems have a recurring tendency to develop, and elected officials must deal with them effectively or risk serious political damage. Thus, management reform springs eternal.

6. With the new public management, reforms are moving increasingly from restructuring to process reengineering. In most countries, public management for generations had built on the traditions of hierarchy and authority. The Prussian influence was especially strong in European nations and in other countries, like the United States, that borrowed heavily on these ideas. As these nations developed their empire, the traditions spread as well. When these approaches encountered problems—as inevitably they did—the instinct was to reorganize the structure and reorient the authority. The launch of the new public management movement was a frank recognition that hierarchy and authority, in all their variations and reforms, had reached their limits. The new public management emphasized market incentives and contract-based approaches. The reforms, in short, sought either to supplement or replace traditional structure-based approaches with process-based reforms.

7. Despite wide variation in reform strategies, there is a convergence of reforms around general themes. The enormous variation in reforms has long frustrated analysts, who have struggled to define what “the new public management” actually is. Assessing whether the new public management actually constitutes an identifiable set of ideas, let alone whether nations are increasingly pursuing more-similar ideas, is a daunting problem. No less an authority than Graham Scott, however, has observed, “For most of the world, the late twentieth century has been about reducing the scope of government. But this process must inevitably slow down.” In time, he suggested, the pace of downsizing will inevitably slow and governments will face the task of managing the programs that remain. That, in turn, will likely turn more governments to the American reform strategy of making government “work better and cost less.” As Scott concluded, “Over time, the rest of us will look more and more like the United States, as the problems of what the government is going to do become less urgent and we deal with them by marginal adjustments rather than sudden and radical change, and focus more on the steady processes of improvement around the organizations that will persist” (Scott, 1999).

8. Developing nations have different management reform problems than developed nations. For at least some observers, the convergence argument suggests that nations that are serious about performance pursue management reform and that most reforms are moving in at least loose synchronization. However, Allen Schick bluntly warns (1998) that “most developing countries should not try New Zealand reforms” or other “new public management” strategies. Indeed, facing a huge need to grow their economies and shrink their governments, many developing countries have found the reforms irresistible. Schick contends that the new public management-style reforms require a foundation of governmental rules, vigorous markets, and broadly accepted dispute-resolution processes that many developing countries lack. Seeking short cuts, Schick concludes, risks sending developing nations into dead ends. Different nations in

different positions with different traditions, structures, and capacities need different strategies, even if they attempt to follow the new public management course.

9. The pursuit of the new public management strategy has revealed a mismatch among practice, theory, and instruction. Unlike some previous reforms around the world, where scholars charted at least some of the course, the new public management has evolved with only modest theoretical foundation. Formal theory has suggested concepts like moral hazard and adverse selection, but most of the hard work has come from pragmatic officials cobbling together approaches to very hard problems. Theorists have struggled to determine just what the new public management is, how it differs from country to country, whether it has succeeded, how it might transform itself, and whether it will prove a lasting phenomenon. Public officials, pressed with high public demands and limited resources, have rarely stopped to ask such questions. Meanwhile, in public policy programs around the world, academic leaders have struggled to assess whether they need to transform their curricula to prepare students for the new public management. For the most part, these leaders have understandably taken a cautious approach. However, this has left public officials with an even greater problem of finding young managers with the skills to operate effectively in the new program strategies. Of all the options, the one sure bet probably lies in forecasting rapid change. The tensions at the core of the practice, theory, and instruction dilemma thus will only increase.

10. What role will national governments play? Osborne and Gaebler inspired some officials and enraged others by suggesting that the government of the future ought to steer, not row (1993). Central governments around the world have found themselves in the midst of a fundamental transformation, with simultaneously more globalization and devolution of power (Kettl, 2000b). What role can and should central governments play in a world where their traditional roles have become more marginal yet their importance has only increased? Managers of central government agencies have sought greater leverage in the management of networks and the creation of information systems, among other tools. How to weave these new tools together into a freshly defined role, however, proved anything but clear.

CONCLUSIONS

Learning from the experience of public management reform within and across national boundaries is daunting. The tendency is to say that context dominates all lessons. However, the lessons reviewed here and elsewhere suggest some interdependence. In many regions of the world, cross-national organizations, like OECD, the Asian Development Bank, the World Bank, the International Monetary Fund, have encouraged management reform and have stimulated reform networks across national borders. There are elements of isomorphic transference in the reform experiences of some countries: in Hong Kong, in Taiwan, and from New Zealand to almost everywhere.

One nation's copying the reforms of others can help improve the effectiveness of public services and attract greater investment. Information technology has spurred the spread of reform ideas. The internet reveals, at least to the computer literate, the success or failure of policy adventures in different countries and analyses of reforms by academics and others. The media play an important role in identifying policy problems and comparing solutions among nations. Consultants have spread many ideas among their

clients. As a result, nations engage in far more rapid policy reproduction and perhaps even learning than has been evident in the past.

Public management reform invites evaluation of convergence: how much, of what kind, and in what directions. Boston's assessment of New Zealand invites questions about the degree of unisonance in reform. He finds clear benefits, but the dearth of "before and after" studies, or even thoughtful quasi-experimental designs, prevents genuine evaluation of the effectiveness of public management reforms. Boston terms the broad nature of evaluations about reform as "counter-factual," because gauging the impact is difficult without greater specificity. Similarly, Wescott's analysis reinforces this picture of diversity with his analysis of methodological problems in defining and introducing reforms. In Gregory's account, the "mechanistic" adoption of reform in New Zealand created long-term implementation problems, which proved especially notable compared with the enthusiasm that first greeted the reform process.

Convergence versus divergence is a long-standing debate in public administration and management. Principles of economic efficiency and effectiveness, or choice and market forces would suggest that rhetorically one would expect to see a more consistent picture of reform in the past decade or so. There is ample evidence of a convergence in rhetoric. Reformers speak eagerly of "reinvention," "entrepreneurial management," and "results-based approaches." Indeed, the work reviewed here suggests that there indeed in some convergence. However, there clearly are instances of divergence as well, because of the special circumstances of nations, regions, and the developed-developing nations contrast. On balance, there appears to be a convergence in the reform agendas and implementation efforts in the U.K., in most British Commonwealth nations, in selected OECD nations, and the United States. The convergence emerges among developed nations. The experience of developing nations is more diverse.

Even assessing the convergence/divergence question, however, requires far greater precision in defining the problem and developing a useful language for exploring it. Roberts' analysis of the inability to define "problems" accurately shows the underlying problems affecting both the formulation and implementation of management reform. That, she suggests, is why cooperative strategies can prove useful. Similarly, both Wescott and Shand suggest that while diversity exists, cooperative tools can assist in the reform process and are applicable across borders.

Nevertheless, application of the same or similar approaches in different nations may succeed or fail in different ways. Reform is about building capacity to do the old things in different ways and to discover new things that need doing. Reforming public organizations may provide institutional remedies, but traditional restructuring cannot eliminate the changes of retrograde tendencies or prevent problems from recurring. This comparison, moreover, suggests the need for more careful analysis about what constitutes "good reform." Is it merely locating the definition of a "problem" in the standard NPM lineup and finding the relevant "solution"? Is there greater need for refinement of interpretive and epistemological skills before nations embark to mimic what is done elsewhere? A significant lesson, thus, is this clear definition of the problems to be solved is the first step towards successful change.

From there nations need to move toward experimenting with various methods, and carefully gauging results, until the combination that best solves their problems emerges.

This experimentation takes time, energy, patience and a commitment to careful, unbiased, and unvarnished evaluation. It requires the will to ask questions when the answers could prove inconvenient or embarrassing. Then there is the question of building the political will to move in the direction the evaluation points. Politics plays the crucial role throughout this cycle in determining how the problem is to be defined, what methods may be tried, whether evaluation is to be done and by whom, and whether the results are to be heeded and followed.

Other lessons apply to the role of the state. English and Guthrie, and Hughes and O'Neill emphasize the importance of strengthening the institutions of governance. Accountability is a paramount virtue in governance. Reform per se is not sufficient to ensure greater accountability; it is necessary to strengthen the institutions of governance and management. Shand and Wescott concur in this observation. Neale and Anderson outline the challenges for the New Zealand performance reporting process with respect to parliamentary utility. Jones and Mussari suggest (2001) that the U.S. Congress and the Italian Parliament may not benefit from the accountability mechanisms they have enacted. Conversely, Schedler (2001) demonstrates the value of performance budgeting in Switzerland to result from a unique balance between freedom and regulation, between the rigidities of the law and the needs of politicians.

Institution building is not likely to be achieved by enlarging the role of the state, but by rediscovering the tasks and roles that governments are best suited—and most needed—to perform. Those tasks can include building critical capacity for planning and evaluation. Reform might well produce more effective service delivery institutions as well as governments that work more effectively with the private sector. It might also produce new forms of regulation that more productively shape market behavior.

The manifestations of public management reform are many and varied. Debate about its variations can be awkward because of widespread differences in governance problems, political cultures, and reform language. This reinforces the need for a conceptual framework and language for public management reform, allowing for contribution from different disciplines. Barzelay (2001) argues that without a common frame of reference and language, meaningful dialogue on public management reform cannot occur.

The public management reform movement has also framed new questions. What role should the nation-state play as but one player in a new architecture of governance where networks of organizations comprise more effective problem solving entities than single governments? How can public bureaucracy effectively solve complex governance problems without sacrificing the public interest? New organizational forms such as hyperarchies, flatter and more decentralized entities with greater delegation of authority and responsibility and faster learning-adaptation-action cycles (Jones and Thompson, 1999: 3-4,174-176; see also Evans and Wurster, 1997: 75), appear likely to be more effective than traditional bureaucratic organizations to manage networked programs.

It is simply too early to tell whether NPM is or is not a new “paradigm,” in the Kuhnian sense. Indeed, it is not clear whether the question has meaning and it certainly is clear that not enough information is available to try to answer it. Management reform, in fact, has proven a far more subtle enterprise that extends over the medium and long-term in order for any political or managerial regime to succeed relative to the ambitious agendas proposed and the need for assessment and feedback using an appropriately broad set of

evaluative measures. The survival of governments, politicians and managers advocating reform and attempting to implement comprehensive change appears to depend upon relatively slow and careful implementation. Moreover, any theory of public management by necessity is highly contingent.

Nevertheless, it is also clear that the “new public management” is no longer new. Many of the reforms labeled as NPM have been under implementation for ten, twenty or more years. Although academics can claim to have defined the techniques and terminology of the “new public management” with a reasonable degree of precision (see Jones and Schedler, 1997; Borins, 1997), much of the dialogue about NPM, pro and con, is confusing, disconnected and, in effect, a distraction that inhibits sincere attempts to determine the outcomes of change.

Out of this decades-long tradition have emerged criticisms by academics from a variety of social science disciplines. Indeed, NPM critics appear to out-number 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 to extol success. Additionally, some criticism of NPM may derive from the fact that it is perceived to draw conceptually too strongly from a business-driven perspective. This approach threatens the traditions of public administration and public policy programs, which build on the primacy of government aggressively pursuing the public interest. The NPM debate will—and should—continue, and as it does it should move toward a better-structured and more informed dialogue about reform more generally. Recently published works on NPM and public management reform attempt to clarify this dialogue. (See, for example, Kettl, 2000a; Jones and Thompson, 1999, Barzelay 2001)

At the core of the reforms lurk the issue of equity, which neither academics nor practitioners have considered carefully enough. In particular, public officials have not sufficiently addressed equity goals while pursuing managerial efficiency. It is surely the case that those who support increased public sector efficiency will (or wish to) ignore the risk of greater income disparity, impaired earning capability for many citizens, increased poverty, and worsening of health, social, and educational services. Much reform appears to be directed with a high degree of insularity of purpose to change governments internally without much attention to distributional consequences. Any careful review of the implications of management reform must address those linkages. As Frieder Naschold would warn, unless better government and improved services result from reform, why should change be undertaken?

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