From New Public Management to New Public Administration

Answering the claims of both politics and society.

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1. Introduction

New Public Management held the promise of changing traditional bureaucracies into a result-oriented and transparent form of government, directed and supported by efficient and effective public managers. Though many of the principles of NPM are being implemented throughout the world, NPM as a way of thinking about government has been largely discredited. This chapter is based on developments in Switzerland, Denmark and The Netherlands. In each country the premises of NPM have either explicitly or implicitly been rejected. This chapter suggests reasons that led to the decline of NPM and concludes by offering a 'conceptual restart' of public administrative reform. This is based on a constructive mix between aspects of NPM and traditional administration. If the valuable elements of NPM are to be saved, some kind of understanding and accommodation is imperative with the role of the democratic process and the classic Weberian bureaucratic principles connected to it.

The end of NPM does not mean the end of the improvement of public organizations. Ignoring the classic political hierarchic way of getting things done is not an option, but neither is getting back to old mechanisms of power and distrust. There is need – an urgent need - for a conceptual restart. To do so, several elements should be considered. These have to do with trust and distrust, with building relations and rational concepts. Some examples are given, a direction is indicated.

2. The decline of New Public Management

2.1 NPM discredited

No minister will deny it is important to deliver public services in time and in good order. No member of parliament will be against clear goals for a minister to attain. No citizen will say a government organization should be a mess. As such, no one will be against the promise of better services that the term 'new public management' seems to imply. It would be like being against rain after a very hot day. So, at first sight, it is very strange that NPM and its consequences should get so much criticism. Still, that is very much the case. Not everyone will be familiar with NPM or what it stands for, but a great many people, including citizens, have an idea about the principles that are driving change in the government. Instead of embracing them, they greet them with cynicism and disbelief. We consider that this is more than an evidence of simple resistance against change. We think that the principles behind NPM evoke a reaction that is fueled by distaste for a too rational, non political approach to people and organizations. Countries like Switzerland, Denmark, The United Kingdom and The Netherlands do not lack the resources to invest in something like NPM, but still the criticism is severe.

In Switzerland, the parliament of a province (canton) namely Basle, also home of the second biggest city of Switzerland, and the parliament of an important municipality of the canton of Zurich (biggest Swiss province), namely Dübendorf, have already voted in 2004 to stop all NPM related administrative reforms even though in both occasions NPM projects had been ongoing for several years. In The Netherlands, cabinet and parliament supported a report that calls for the end of the independent status of executive agencies, a firm legacy of NPM. It should be noted that these votes are more than a reaction from politicians towards civil service reform. It also reflects a general feeling in the populace that 'managerialism' has widened the distance between government and citizen; instead of bringing them closer together. Why else would parliamentarians vote something out of order that is basically no more than an acronym? We observe from a number of publications that this critical attitude towards NPM is also present in Denmark and other Scandinavian countries. Anyhow, by now we should be talking about No-longer-new Public Management.

2.2   The jump was too high

For this article we use a conceptual model that can explain some of the reasons why NPM fell into disrepute – and give an indication of alternatives.
It is usual to look into the content of an approach to see whether it is worthwhile or not. A text is read, elements are weighed, and then people determine whether it is worth the effort or not. What tends to be overlooked, is to take into account the dynamics into which a concept like NPM is launched, and the wear and tear that is the result of this. Every concept based on sociological thoughts is and will be in itself a product of sociological pressures. This simple truth often gets out of sight when applied to concepts born out of system thinking. The rational arguments – Don't we all want to learn? Do we not all want to achieve our targets? – gets in the way of a more hardheaded assessment of what will happen when the underlying assumptions get tested in real life.

In this model we make a simple distinction between two opposites: trust versus distrust, and rational versus irrational.

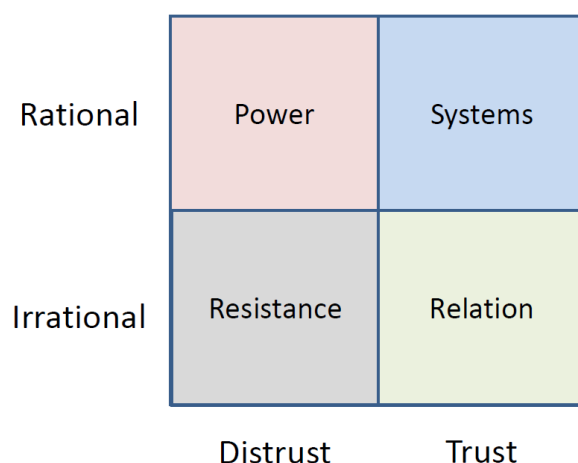|	Distrust	Trust
Rational	Power	Systems
Irrational	Resistance	Relation

Figure 1.1 Trust and rationality

Concepts like NPM are not only highly rational in their instruments and methodology, they also presume a high level of trust .The rationality in an approach like NPM appeals to a lot of people, but at least as many others will have considerations that are – if understood – less rational and more emotional than anything else. Years of broken promises can be a source of distrust against any concept, no matter how appealing the words. We choose the word 'irrational', though it actually is

another kind of rationality, and not connected to the prevailing logic. The form it takes is that of an emotional rejection, often in the form of a specific form of emotion: distrust. Any combination of irrationality and distrust is source of (strong) resistance.

In other cases the rejection is rational enough, but the arguments are grounded in distrust and the real consideration is one of power: does the concept serve my ulterior motives?

The last reaction in this quadrant is based on trust, but on a rather limited basis. It is trust that connects myself to the concept if it is good for my relations with other people. Whether or not the concept is grounded in a rational train of thought is less relevant. It is irrational in the sense of less-rational. Here the concept is popular because the people involved are popular. At heart it is hype-driven.

We state that NPM has been brought to government as a straight jump to a systematic approach. The resistance against it is seen as a product of emotional resistance. 'You don't understand it, so we will explain it to you again.' In reality it is close to impossible to get a truly systematic approach without also having to deal with considerations of power and relations. Trying to understand what happened to NPM by just looking at the words of its proponents will not do.

2.3 The reasons why

There is more than one factor in the decline of NPM as a driving force behind change in the public sector. In 'reinventing government'[1], the book at the start of the movement, there is a metaphor about civil servants working together as rowers in a boat. Well, that boat is in disarray. We give two main reasons why, in line with the model.

The first is that the proponents of NPM have underestimated the *culture clash* that lies underneath a change towards the principles of NPM[2]. In terms of the model just described, this is roughly the road touching the approaches resistance, relational and systematic. It can be described as a culture clash. We give five reasons why NPM does not work because it did not give enough consideration to relational aspects.
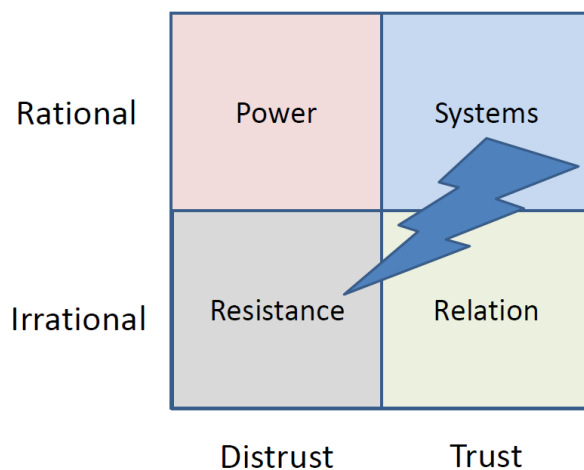

Figure 1.2 Trust and rationality: Culture clash

The second is of a more structural nature. One cannot overnight change the principles of government. Principles that have been taken from the writings of Max Weber and seem to be

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[1] David Osborne and Ted Gaebler – Reinventing Government. How the Entrepreneurial Spirit is Transforming the Public Sector. Addison-Wesley Publishers, New York, 1992.
[2] Süleyman Sozen and Ian Shaw – The international applicability of "new" public management: lessons from Turkey. International Journal of Public Sector Management, vol. 15, number 6, 2002, p. 475 – 486.

more robust than many people from the managerial revolution expected. Considerations of power definitely come into this. Power is often frowned upon. Here it can also indicate a healthy regard for the power of due process. We give four reasons why Weber was not a manager. They can be called the *Weberian reflex* against a systematic approach that does not take into account proper considerations of power and procedures.

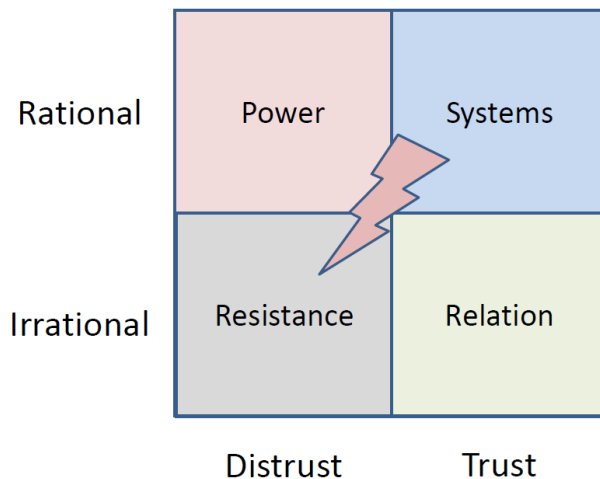|	Distrust	Trust
Rational	Power	Systems
Irrational	Resistance	Relation

Figure 1.3 Trust and rationality: Weberian reflex

Five reasons for a culture clash:

1. *NPM suffers from a fundamental misunderstanding between a value driven and an effectiveness driven approach to government.*
    The democratic process has more goals than the delivery of services. Perhaps most of all it is about the transfer of values. NPM was a reaction to a perceived lack of effectiveness of the way government works. The rejection of NPM is due because it has never taken root in a social movement representing social values, cementing relations between the proponents, and as far as it does so, those market-oriented values provide inconclusive direction. They lack for instance aspects like legality and, up to a degree, democracy as leading values for governmental action in a 'state founded on law'[3].
2. *A citizen is not a client, a government not a company.*
    Osborne and Gaebler said that 'putting the customer first' is an essential goal for new public management. To a degree this still needs to be said. Government organizations are always in danger of forgetting those for whom they are working. So there is merit in the metaphor of citizens as customers. But the metaphor is a limited one. Citizens have duties that customers do not have. And ultimately it is the task of government to balance conflicting demands against each other. This means that at most birthday parties it is not a popular thing to say that you work for the government: somebody always feels wronged. Yet, this is at the heart of the public challenge – and is the reason that working for the public sector is so much more interesting than working for a company.
3. *NPM requires a long term commitment. That is hard to do in a short term world.*
    In the Dutch example, much of the criticism against the independent organizations was and is based on research results that indicated that five years after the decision to put

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[3] Nico Nelissen (ed.) – Renewing Government. Innovative and Inspiring Visions. International Books, Utrecht, 1999.

the organization at a distance, service delivery had not significantly improved. The top salaries of the directors were most definitely improved. This, of course, gives rise to a lot of cynicism and plain envy. Depending on the political culture of a country and the role of for instance the media, a long term perspective – say, more than one election – cannot be sustained.

4. *NPM is in a way a luxury. It is a western philosophy that more often than not raises false hopes in government organizations that lack fundamental resources.*
   Every change costs effort and money. The rewards of an investment may lie many years in the future. Is NPM worth the effort? This is a relevant question for every country, but it is more urgent in countries that lack basic resources. Revamping a government in a more customer-oriented style can bring great benefits, but will it be enough to win the trust of the general audience? There are no real examples that it does. However, the reverse is also not true. The strength of NPM is the external orientation that it brings. In many cases, not investing in NPM-elements will mean not investing in change.

5. *NPM has been used as too much of a stand alone method.*
   The mistake is that it is not used with more consideration for the context in which it is being applied. This is a context of a larger economic and social-political environment. Economic realities were ignored, like the effect you get when prices for public services suddenly become visible as services are privatized. Social and political realities reassert themselves when cost-benefit ratios are ignored in favor of wider considerations. And it also ignored the realities of a public sector that more often than not is determined by factors like professionals attitudes. Promising better management does not help when every action the management takes seems designed to erode the trust of professionals, for instance in health care[4]. So far, the evidence is that NPM leads to more consultation of customers, professionals and employees, but not to a more effective performance[5].

Four reasons why Weberian reflex:

6. *NPM denies the benefits of hierarchy.*
   NPM challenges the Weberian hierarchal model, in as much it emphasizes results, and seems to care less about how they are achieved. Its emphasis on the empowerment of customers and employees seems to cut right through the heart of the traditional model for the organization of government. NPM follows the managerial way of doing things, and that means it puts process above hierarchy[6], targets above proper procedure. Hierarchy has many drawbacks. In the interplay between legality and democratic responsibility in a government setting it produces bureaucracy, and bureaucracy is almost always seen in a negative light. Yet, time and again, the Weberian principles reassert themselves, and this for very sound reasons. Predictability, accountability and legality thrive under true Weberian bureaucracy and these elements are in more demand than ever. They provide a balance of power that is needed in a turbulent world. The urge to restore that balance is profound. If NPM cannot deliver on its promises, as seems for instance the case in Sweden[7], the call for a more classic Weberian state is eminent. It seems to be true: in government we like to think radical and act conservative.

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[4] Ruth Kowalczyk – The effect of new public management on intensive care unit staff. International Journal of Public Sector Management, vol. 15, number 2, 2002, p. 118 – 128.

[5] Sylvia Horton – Participation and involvement – the democratization of a new public management? International Journal of Public Sector Management, vol. 16, number 6, 2003, p. 403 - 411.

[6] In this NPM resembles the post modern approach of government. It differs from this approach in the sense that NPM is in favor of a much more rational approach to government

[7] Per Skålén – New public management reform and the construction of organizational identities. International Journal of Public Sector Management, vol. 17, number 3, 2004, p. 251 – 263.

7. *NPM is based on trust. The many incidents and doubts about the integrity of civil servants erode that trust.*
   The introduction of NPM in a government organization does not mean that society will stop making demands on that organization. Accidents will happen. Incidents will be made. Organizations and its leaders will be asked to account for failures and the blame game will be played out. In The Netherlands, it is proven that the net result is often that the so called 'independent' organizations have to spend more time answering questions from central government than they did before they were made independent. Still, it has not lessened the distrust both citizens and civilians feel towards these 'bureaucratic monsters'.

8. *The management concepts behind NPM are too instrumental or used in a too instrumental way.*
   The problem with much of the concepts and models that are developed by the thinkers of this world is not the concept or the model itself. It is the way they are applied: too direct and too instrumental. Time after time, it is shown that the right attitude, in combination with improved bureaucratic skills, is required for a successful application of modern management concepts like NPM[8]. The extra danger in a government environment is that the concepts and models are applied the way laws are applied: strict and without exceptions.

9. *The paradox of performance indicators.*
   One of the great drawbacks of a result oriented style of governing is that it produces numbers. Not that numbers in themselves are wrong, on the contrary. As the saying goes: what is measured gets done. The problem is that there are too many numbers and the numbers start getting misused. In other words: performance indicators soon get perverted[9]. One of the authors has been responsible for the introduction of citizen's charters in The Netherlands. He discovered that the process of the making of a charter, including the performance indicators, was much more important than having the charter. The indicators that were actually there on the realized charter got either ignored or misused[10].

2.4 An unfulfilled promise

The criticism leveled at NPM is nothing new. From the very start of its existence scholars and others leveled charges against NPM as being either too superficial or too market-oriented. This did nothing to stop the rise of NPM. In some form or other it has been applied in a great number of countries and elements of it can be found in almost every country. What is new, is that the measures taken under an NPM-heading are now actively being scaled back or even undone. The reasons mentioned above, all imply that NPM is not an easy thing to achieve. Perhaps that is also the reason why commentators observe that the application of NPM is uneven throughout the Western world[11]. Still, the fact that NPM has not fulfilled its promises does not mean that the underlying reasons why NPM came into existence have disappeared. Will service delivery improve when NPM is abolished? Will politicians deliver more on their promises after the election? To ask the questions seems to answer them.

3. Restart

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[8] John Dixon, Alexander Kouzmin and Nada Korac-Kakabadse – Managerialism – something old, something borrowed, little new. International Journal of Public Sector Management, vol. 11, number 2, 1998, p. 164 – 187.

[9] Hans de Bruijn – Performance measurement in the public sector: strategies to cope with the risks of performance measurement. International Journal of Public Sector Management, vol. 15, number 7, 2002, p. 578 – 594.

[10] Drs. D.P. Noordhoek en Drs. M.A. Muntinga. Kwaliteitshandvesten. De kracht van kwetsbaarheid (Citizens Charters. The strength of vulnerability). Kluwer, 1997.

[11] Carsten Greve and Peter Krugh Jespersen – New Public Management and its Critics. Alternatives to Flexible Service Delivery to Citizens? In: Tom Christensen and Per Lægreid - Transcending new public management: the transformation of public. 2007 - Political Science, p. 143 – 152.

3.1 More than trust and rationality

The need for a conceptual restart is obvious.Before investing in elements of NPM, a cost-benefit analysis should be required combined with an assessment of the political and cultural feasibility of implementation of NPM elements. But how do you prevent falling into the same pitfalls? Maybe NPM is too rational an approach for the public sector. Considerations of power and relationships did not come into it, other than that its irrationalities had to be overcome.

Ultimately, the drive for 'good government' or a 'civil society' is not at odds with a drive towards a more result-oriented, customer friendly government. However, trying to combine these goals takes time, meanwhile reflecting a need to work on the culture clash between different visions of how government should work.

Above, we stated that NPM has been brought to government as a straight jump to a systematic approach. The resistance against it was too much seen as a product of emotional resistance and trust. We believe that a systematic approach is only possible when it takes account of – and is built upon – either consideration of power or of relationships.

As unlikely a successful restart of NPM is, it also not very likely that a resurrection of 'Weberian Public Administration' is feasible in modern society. The power of procedures is ultimately not very strong in a situation where the nation state is under immense pressure. Perhaps it is time for a 'New public Administration'?

What we suggest is a New Public Administration which should distinguish itself most of all from WPA and NPM by its attention to relationships. That focus makes it stronger – and also adds a warning; too much focus on relations and it becomes an empty, hype driven concept. A key word is 'empathy'; New Public Administration excels in finding connections between different groups and a respect for individual and collective action in an anonymous world, and it should translate into a common passion. It answers the question 'why' people / administrators should start moving, with WPA telling them 'what' to do and NPM telling them 'how' to do it.

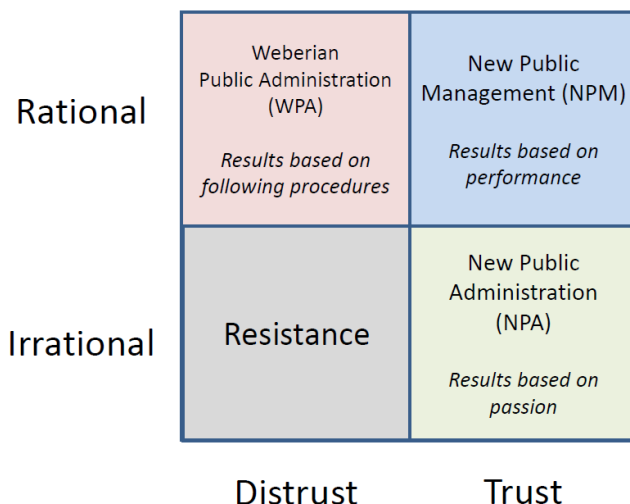|	Distrust	Trust
Rational	Weberian Public Administration (WPA) *Results based on following procedures*	New Public Management (NPM) *Results based on performance*
Irrational	Resistance	New Public Administration (NPA) *Results based on passion*

Figure 2. Trust and rationality: Three forms of administration

3.2 Examples

When writing an earlier version of this article, we looked into several examples, both in The Netherlands and in Switzerland. We give here the one example of New Public Management that has

remained strong throughout the first decade of the 21st century; a government wide benchmarking effort in The Netherlands. This is certainly not representative of NPM throughout the decade. It does tell how it was made stronger by providing a safe environment for building on mutual relationships. In that respect it has become more of an example of New Public Administration than anything else.

Government wide benchmarking in The Netherlands.

In 1999 the Dutch newspapers reported tremendous cost overrun at the public organ for education benefits (IB-Group). Both the ministry for education and the organization had a hard time explaining themselves. After some consideration, both came to the conclusion that what they needed was more comparative information. The ministry wanted to show that the mishap was not to be tolerated, but still mild compared to mishaps in for example the public sector. The organization wanted to show that, apart from this mishap, they were doing many other things right. So they started a benchmark effort together with other executive agencies. The benchmark is by now (2010) a permanent process. The organizations involved are responsible for more than 50% of all public expenditures in The Netherlands. Taken together, the organizations provide services for all Dutch citizens, involving more than 100.000 employees[12]. The main goal, as stated by the participants themselves, is to learn from each other – and it seems that they are really doing so.

Perhaps the most interesting thing about this benchmark, certainly within the context of this article, is what they do with the results of the benchmark. Two questions had to be addressed: what to do with the outcomes for the individual organizations and what to do with the overall outcomes? It was decided that there would be no publication of individual outcomes. Basically it was done to restrain the participants themselves from showing off with the results. The process of the benchmark was considered to be more important than the immediate results of the benchmark. That process was at first firmly grounded in classic NPM principles, with much attention to performance indicators and comparison of results along the indicators. After two rounds of the benchmark, this approach was abandoned. Within the protected environment of the benchmark mutual visits, conferences and workshops took over from the more formal aspects of the benchmark.

3.3 Rules

After having described the decline of NPM, we have subsequently formulated two other approaches and have given an example. What remains is the need to postulate some short rules for the implementation of it all. As described, there are a lot of factors involved in the successful implementation of a model or a policy. The fact that an approach is attractive in its rationality somehow makes the need for that even more so.

In closing, we formulate some short 'rules of conduct'. These rules, it must be said, are nothing new. At least, we hope they are not. This is not yet the time to work with a whole new set of rules. The best of NPM should be preserved and continued. At the same time we should realize that there are other, and probably at the shorter run, better alternatives for improving the way the public sector works. So what we give here are some old truths about implementation, still staying close to NPM.

1. *Problems must be solved, not diverted.*
   In the end, NPM was too much about form and not enough about substance. After the resistance became too strong, too often the words about change replaced change itself. A little less rhetoric and a little more attention to implementation is in order.

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[12] The numbers tell only part of the story. The benchmark involves for instance the whole of the prison system, and the police of Amsterdam, organizations where the total expenditure is not a significant indicator for size or performance. Source: Rijksbrede Benchmark Groep – Benchmark Uitvoeringsorganisaties 2004. Samenvattend rapport. Amstelveen, mei 2004.

2. *Good management cannot replace good policy or vice versa.*
   A managerial approach to the delivery of public services is still very much needed. Good management should be recognized as a profession in itself. Yet a manager should accommodate to policy needs, if he or she is to work in a public environment.

3. *Reliability is as important as responsiveness.*
   Showing oneself responsive to the outside world is more important than ever: cares should be met with passion. People and organizations in the public sector should realize that this is a contract that involves many stakeholders in a more and more interactive way. However, the public sector has a 'bias' towards reliability. Over and over again, a public sector organization must show itself reliable or trustworthy in the eyes of the public. The organization that is the most successful in the implementation of the agenda is the organization that manages to combine responsiveness with reliability.

4. *Let performance speak louder than incidents.*
   It seems like every organization in the public sector is sooner or later hit by an incident that puts it in the eye of political and media storm. When an incident like that hits the organization, it is usually too late to come with all kinds of reports showing how well you have otherwise done your job. It should be the other way around. Work on a continuous base on your performance and the communication of it. Some incidents can and should be prevented, but not all. An organization that works on its performance is less vulnerable for the occurrence and aftermath of these incidents.

5. *Trust is the key.*
   There is something of a 'quick fix' about NPM, or for that matter the other forms of administration. The public sector is ultimately not about quick fixes, no matter what promises are made in election time. Trust will not be gained by concepts or instruments, if the right attitude and public ethic is not there. If it is there, and in all nations examples can be found, then the public will rely on them more than on any other in society.

5. Bibliography

Some relevant titles in English:

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Nico Nelissen (Ed.) – Renewing Government. Innovative and Inspiring Visions. International Books, Utrecht, 1999.

Saner, Raymond; "Quality Assurance for Public Administration: A consensus building vehicle", Public Organization Review, Vol. 2, Issue 4, December, 2002

Tom Christensen and Per Lægreid - Transcending new public management: the transformation of public. 2007 - Political Science

Jensen, L. (1998), Interpreting New Public Management: The Case of Denmark. Australian Journal of Public Administration, 57: 54–65.

Much use has been made of the articles in the International Journal of Public Sector Management. See for example the footnotes in this article.

6. Biographical sketches Drs. Peter Noordhoek and Dr. Raymond Saner

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Dr Saner is professor at the University of Basle and at Sciences Po in Paris. He has been a longtime member of the International Institute of Administrative Sciences in Brussels and of its Swiss section in Berne. He is co-founder of CSEND, a Geneva based Non-governmental Research and Development Organisation founded in 1993. Dr Saner was member of the international working group which drafted the new ISO 10015 Quality Standard on Education and Training (1996 – 2000) and was the initiator and member of the Swiss working group which drafted the new Quality Guideline for public adminstrations titled "Maîtriser le changement dans le secteur public par le management de qualité" (Swiss Quality society, 1996 – 2000). Information: www.csend.org. or e-mail to: saner@csend.org.

8.   Abstract

New Public Management held the promise of changing traditional bureaucracies into a results-oriented and transparent form of government, directed and supported by efficient and effective public managers. Though many of the principles of NPM are being implemented in many parts of the world, NPM as a way of thinking about government has been largely discredited. In an earlier article the authors cited examples from Switzerland and The Netherlands where the premises of NPM have either explicitly or implicitly been rejected, in the case of Switzerland by the votes of two parliaments, one provincial the other municipal, and in the case of The Netherlands by the publication of a report abolishing the NPM-inspired autonomous status of many organizations with a public task. The paper concludes by suggesting reasons that led to the decline of NPM and concludes by offering a 'conceptual restart' of public administrative reform. This is based on a constructive mix between aspects of NPM and traditional administration, leading to a 'New Public Administration': NPA.

The end of NPM does not mean the end of the improvement of public organizations. Ignoring the classic political hierarchic way of getting things done is not an option, but neither is getting back to old mechanisms of power and distrust. There is need – an urgent need - for a conceptual restart. To do so, several elements should be considered. These have to do with trust and distrust, with building relations and rational concepts. We show how it can work in the case of a benchmark effort in The Netherlands. What does this mean for the future, by what rules of the game will we play? Some indications are given.