Managerial reform has been controversial. Critics regard managerialism as simply an unquestioning adoption of the worst features of private management with no regard being paid to the fundamental differences of the public sector environment. Managerialism is seen by the critics as in some way being against the traditions of public service, imimical to service delivery, and undemocratic, even with dubious theoretical backing. Some writers, particularly from a public administration tradition, argue that the good parts of the old model—high ethical standards, service to the state, time-honoured processes, regarding all public servants as a special kind of worker deserving novel terms and conditions of work—are being cast aside in the headlong rush to adopt some new approach that is untested and unlikely to work. Practising public managers have been caught between, on the one hand, their government wanting tasks to be carried out with even greater efficiency, and on the other, those who criticise the managers’ actions.

One emerging problem in coming to terms with the change from public administration to public management has been the invention of the term New Public Management (NPM). Starting with Hood (1991), the main use of NPM has been by critics, in explicitly or implicitly criticizing public sector reform in general. Even if the argument is mainly about the market-based reforms often identified as being characteristic of NPM, the lack of specificity as to what is actually involved in NPM raises major problems. There is no agreement as to what NPM actually is; different theorists put forward quite different lists of characteristics. Not only is there no agreed content in NPM, it is also hard to find any kind of advocate. NPM is fairly universally an epithet, a term of criticism, and this has led to a widening gap between public management practitioners and public management academics. Practitioners may feel that all they are trying to do is to perform their jobs satisfactorily, but they face criticism from academics about what they do.

The argument here is that public management is indeed different from public administration, sufficiently so to be regarded as a new paradigm in its own right (see also Chapter 15). But this does not mean that the replacement for public administration is a single, unvarying entity called ‘New Public Management’—a programme that is simply rolled out in all circumstances and all countries. The key difference between public administration and public management is that a public manager is personally responsible for the delivery of results. And once this expectation is made clear, a public manager will then act according to his or her perspective as to how results are to be achieved. This is, on the surface, quite a simple change, but it has major ramifications in practice. Other points noticed by critics—the adoption of private management ideas and practices, the use of economic theory and models,
and the obsession with performance management – are all subsidiary to the notion that a public manager is now personally responsible for delivering results.

Public management has now effectively supplanted the traditional model of public administration. The public sector in the future is likely to move even further away from traditional public administration, in both theory and practice; indeed, more recent changes to public management – leadership, governance, collaboration and co-production – are even further removed from the traditional bureaucratic model. Public management need not mean the widespread and uncritical adoption of practices from the private sector. What it should mean is that a distinctive public management needs to be utilized. This takes into account differences between the sectors, but still recognizes that the work being done by public servants is now managerial rather than administrative.

The meaning of management

It was stated earlier (Chapter 1) that management is different from administration in meaning. Essentially, administration means following instructions, whereas management means the achievement of results and taking personal responsibility for doing so. Management is a much more active word than administration; it does imply taking charge, and having responsibility for results. How management is different from administration can be considered by looking at what Allison (1982) refers to as ‘functions of general management’ (see Box 4.1).

Allison’s model captures the main points about management. In addition, while this was not his purpose in the original article, Allison’s framework can be used to compare a model of management with a model of administration in the public sector.

The first main function of general management set out by Allison is that of strategy (see also Chapter 10). This involves deciding the future of the organization, establishing objectives and priorities, and making plans to achieve these. The earlier model of public administration required little conception of strategy. Public servants ‘administered’ in the dictionary sense, simply carrying out the instructions of the politicians who were presumed to develop and be responsible for all policy and strategy. Traditional public administration tended to consider short-term goals within the organization, but public management aims at the longer term and at the relationship between the organization and the external environment. Successful public management ‘inevitably requires a feel for strategy’; it is ‘broader, more integrative, and less defined by functional expertise than is public administration’ (Bozeman and Straussman, 1990, p. 214). Agencies themselves are required to develop objectives and priorities rather than assuming that policy derives from politicians.

The second main function is managing internal components. This involves staffing and the setting up of structures and systems that help to achieve the objectives identified by strategy. Traditional public administration did require the expenditure of effort on the ‘managing
internal components' function of general management, though there are some significant ways in which this was not carried out to its fullest. Certainly, public administrators had to organize the bureau, hire staff, train and promote them, and deal with all the other aspects of the personnel system, but the controlling of performance was always rather weak. This has also changed substantially with managerial reform; measurement of the performance of agencies and individuals has now become a routine part of financial reform.

The third function looks at the organization in its external context. Within the traditional model, any dealings with outside organizations, the press or the public were not matters involving administrators. This has changed markedly. Public servants are now much freer to speak out in public, to appear at professional forums, to write articles for journals, and generally to be visible and public figures. Public management, as it developed, especially after the mid-1990s, has expressly concerned itself with developing better relationships with external stakeholders and collaborators, again very different from the insularity of the traditional model.

Since the implementation of various reforms that began in the 1980s, all three of Allison's groups of functions of general management are now routinely carried out by public servants, which suggests that the actual work done is now more managerial than administrative. Outlining the functions of general management as they apply to the public sector does not necessarily mean that management is generic – a criticism often made of public management, or that there is no difference between public and private management. It is rather that there are certain functions which characterize a general management function.

The beginnings of a management approach

For much of the twentieth century there was little difference in management structures or styles between the private and public sectors; large companies in the private sector were as hierarchical and Weberian as any government department. It was only from the 1950s or 1960s that the problems of bureaucratic rigidity became evident in the private sector. The rise of the manager in the private sector coincides with the realization that the division of tasks and the writing of manuals to cover every contingency had limitations. Someone needed to take charge and to take personal responsibility for the achievement of results.

It is hard to delineate exactly when management began to take over from administration in the public sector. The apparent success of managers in the private sector led to concerns being expressed, including by governments themselves, that the public sector had fallen behind in terms of good practice. A starting point was the Fulton Report (1968) in the United Kingdom, which noted concerns with the management capability of the UK's Civil Service. It recommended that the system be opened up, that outsiders be employed at all levels, and that the rigid hierarchical structure in which barriers were placed at several points be removed. It was not completely clear what Fulton actually meant by management. At one point the report noted that management 'consists of the formulation and operation of the policy of the enterprise' (Keeling, 1972, p. 22). Here, the Fulton Report expresses a modern, results-based view of management similar to the dictionary meanings discussed earlier. However, in other parts of the Report, management seems to be defined as what the Civil Service does, which is not particularly helpful (Keeling, 1972, p. 23). Fulton could be described as a start, rather than as a thorough attempt to infuse management principles into an administrative system. Moreover, Fulton's recommendations were not implemented at the time; they were deferred until a more conducive time. As Flynn commented, 'no government had much enthusiasm for the task until the Thatcher administration' (1997, p. 31). However, it is interesting that even in 1972 Keeling saw management – defined as 'the search for the best use of resources in pursuit of objectives subject to change' – as the coming thing (Keeling, 1972; Pollitt, 1993).

In the United States there was also a demand for improved management in the public sector, at least from the Carter Administration onwards. The Civil Service Reform Act of 1978 aimed at giving managers greater responsibility for results. It included merit pay for middle management and the establishment of a Senior Executive Service to form an elite group at the top. Though focused on personnel, it was an attempt to improve management in the public sector, which was perceived as lagging behind the private sector.

On setting up the Reid Inquiry into the Australian public service in 1982, the then prime minister, Malcolm Fraser, noted: 'the government believes there is a question whether the public service, as presently organized, has the management tools, the flexibility and the capacities to meet the challenges that presently exist and that lie ahead' (Reid, 1983, p. 131). A number of recommendations were made by the inquiry and many were implemented by the incoming Hawke Labor Government (Hughes, 1998). Despite being from the other end of the political spectrum, its views on the managerial capacities of the public service were largely the same as its predecessor. Even more radical managerial changes occurred at the same time in New Zealand, again following a change of government. The late 1970s and early 1980s can now be seen as the beginning of a more managerial approach to government in what could be called the Anglo-American democracies. Changes in other countries came later.
There were several reasons for this seeming disenchantment with the skills and capabilities of public services as they had operated up till then. From the mid-1970s, governments experienced severe resource constraints as tax revenues declined in a relative sense. Practical politics dictated that no cuts were to be made in actual service delivery to the public. This in turn meant a squeeze on the public service in an attempt to manage the same – or even increased – functions, with less money and fewer staff. Changes of government brought with them quite detailed ideas on how to change the management of the public service. It is noteworthy that the impetus for managerial change came largely from the political leadership and not the public service itself. It also crossed the party divide rather than being confined to a particular ideology. The reform imperative was similar with parties of the Right and Left. At the same time, there was an intellectual climate conducive to reducing the public sector or, at the very least, making it work harder (see Chapter 2).

The main reason for the eclipse of the old traditional model of administration was simply that it no longer worked very well, and was widely perceived not to be working. Governments realized this first and began to challenge some of the most basic beliefs of the traditional model. They began to hire economists or people trained in management in preference to generalist administrators, borrowed management techniques from the private sector, pushed back the dividing line between public and private sector activity with the aim of cutting costs, and set out to change working conditions accordingly. As governments were faced with declining real revenue, but with political demands to maintain services at the same levels, the only alternative was to improve productivity in some way. When theories suggested that bureaucratic provision is inherently inefficient, when economic studies showed the same thing, and when the public made constant complaints about red tape and inefficiency, it was little wonder that politicians began to ask awkward questions. Why should public servants have permanent lifetime employment when no one else did; and why should they not be hired by contract? If someone is employed to do a job, what is wrong in seeing that it is being done efficiently? The public services lost public support to such an extent that governments found little resistance to changes that would once have been regarded as destroying the very notion of a public service. And, once change began, the various aspects – the old verities – of the traditional model of administration were dismantled.

By the beginning of the 1990s, a new model of public management was under way in most advanced countries and in many developing ones. Initially, the new model had several names, including: 'managerialism' (Pollitt, 1993); 'New Public Management' (Hood, 1991); 'market-based public administration' (Lan and Rosenbloom, 1992); the 'post-bureaucratic paradigm' (Barzelay, 1992); or 'entrepreneurial government' (Osborne and Gaebler, 1992). The literature more-or-less settled on New Public Management (NPM), even though the term lacked precision and an agreed meaning. In addition, 'public management' became more widely accepted as a description of the overall disciplinary area than 'public administration'.

Public management change began in the United Kingdom in the early 1980s with the widespread privatization, government cuts and load shedding that started during the early years of the Thatcher Government. Before too long, some theorists began to see the trend as a more general phenomenon. Hood (1991) and Rhodes (1991), drawing on Hood, were the first to refer to NPM. By the end of the 1990s, Horton (1999) noted that 'during the 1980s and 1990s the civil service moved from an administered to a managed bureaucracy and from a system of public administration to one of new public management (NPM)' (p. 145). The early public service reforms were quite contentious in the UK, perhaps not so much from their seeking greater efficiency in government, but because, to some, they attacked the very fabric of civil society. Public sector reform was seen as applied Thatcherism.

The New Zealand reforms of the 1980s came out of a serious economic crisis. Traditional export industries had collapsed and the internal systems of industry protection and government-owned enterprises covering much of the economy had become unsustainable. By the late 1980s the crisis culminated in actions aimed at transforming the public sector. As Scott (2001, p. 365) – a senior practitioner at the time – observed:

The 1987 Labour government was seeking from the public sector greater efficiency, better information, increased fiscal control, tighter accountability for delivering on the government's objectives, the ability to shift resources from low-to-high-priority areas, and an end to the employment protections peculiar to the public service. There were significant gains made by the government in respect of every objective. Many critics might wish that these had not been the objectives but that is another debate.

The public sector reform that occurred in New Zealand was extensive but was much more about trying to respond to economic crisis than it was to set up a new kind of public management. The people involved were clearly trying to solve practical problems; significantly, they did not regard standard public administration approaches highly and quite consciously drew from other theoretical frameworks, including economics (Boston et al., 1996).

In the United States, a key event was the publication of Reinventing Government by Osborne and Gaebler (1992). Even if somewhat simplistic at times with its use of anecdotal examples and its similarity to other works looking at the private sector (Peters and Waterman,
1982), *Reinventing Government* became a runaway best-seller. The book cover included an endorsement by then presidential candidate Governor Bill Clinton. It was no surprise that, after his election, the new president took an avid interest in reforming government.

After his inauguration as president, Mr Clinton gave the task of conducting the National Performance Review to Vice-President Al Gore (Gore, 1993). This review was clearly influenced by Osborne and Gaebler, in its diagnosis of the problem as being too much bureaucracy, the solutions advanced, and the language of reinvention used. The Gore Report set out to change the culture of American federal government through four key principles: (i) cutting red tape: ‘shifting from systems in which people are accountable for following rules to systems in which they are accountable for achieving results’; (ii) putting customers first; (iii) empowering employees to get results; and (iv) cutting back to basics and ‘producing better government for less’ (Gore, 1993, pp. 6–7). The Gore Report also cited innovative practices in Britain, New Zealand and Australia, perhaps suggesting that the United States saw itself as lagging behind somewhat in developing this new management.

International organizations, notably the Paris-based Organisation for Economic Co-operation and Development (OECD) and, to a lesser extent, the World Bank and the International Monetary Fund (IMF) also became interested in improving the public management of their member and client nations. In 1991, the OECD stated that most countries were following ‘two broad avenues’ to improve production and delivery of publicly provided goods and services (OECD, 1991a, p. 11). The first was to ‘raise the production performance of public organizations’ including relaxing administrative controls while imposing strict performance targets, and the second to ‘make greater use of the private sector’ in a number of areas including ‘contracting out production of publicly provided goods and services and contracting in intermediate goods and services’ (OECD, 1991a, p. 11). A later OECD paper argued that improving efficiency and effectiveness of the public sector itself ‘involves a major cultural shift as the old management paradigm, which was largely process- and rules-driven, is replaced by a new paradigm which attempts to combine modern management practices with the logic of economics, while still retaining the core public service values’ (OECD, 1998a, p. 5). For a time, international organizations led management reform in government, even though they generally stopped short of advocating NPM.

The underlying theories of the traditional model of public administration were, as discussed earlier, bureaucracy, ‘one best way’, the public interest and a separation of politics from administration. All had their problems; indeed, the management paradigm was ‘a direct response to the inadequacies of traditional public administration – particularly to the inadequacies of public bureaucracies’ (Behn, 2001, p. 30). Public sector reform has been driven by totally different underlying theories: that economic insights have a major role in government; that private management flexibility provides lessons for government; and that there can be no separation of politics and administration. But the biggest change and the biggest difference from public administration was the requirement for public managers to accept personal responsibility for the achievement of results. This is, in the long run, far more significant than any other change.

### Theoretical bases of management

It was noted in Chapter 3 that traditional public administration was based on two theories: the theory of bureaucracy, and the theory of separation between politicians and administrators. The main theoretical bases of public management reform are to be found in economics and private management.

That these are the two main theoretical bases for new public management is not really a matter of controversy. Pollitt (1993), for example, states that management is ‘clearly an activity which is intimately concerned with directing flows of resources so as to achieve defined objectives’, and these objectives are defined predominantly in the language of economics – ‘output’ and ‘value for money’ (p. 5). The OECD notes that the old paradigm of public sector management is replaced by a new paradigm which attempts to combine modern management practices with the logic of economics, while still retaining core public service values (OECD, 1998a, p. 5).

The economic basis to managerialism allows it to draw on what can be argued to be the most powerful of social science theories. Predictive models can be derived provided that people can be assumed, in aggregate, to act as if they were rational. Economics aims to be *deductive*, something that sets it apart from other social science theories, which usually draw their scientific basis from inductive work. Economists and economic thinking became more influential in government from the 1960s and 1970s (Carter et al., 1992). It is easy to see why. Compared with the rather vague public interest theories of public administration, economics seemed to offer precision, prediction and empiricism, backed by a motivational theory of how people acted. Economics also had direct relevance to governing. The public sector does things: it provides goods and services, and should do so in the most efficient way possible. The focus of management models on results, efficiency and measurement owes much to economics.

A key early theorist of an economic approach to public administration was Ostrom (1974, 1989). In the early 1970s, he argued that there were two opposing forms of organization: bureaucracy and markets,
and that bureaucracy had major problems compared to markets. Bureaucratic organization was to Ostrom less efficient or effective than allowing choice through markets; competition, consumer sovereignty, and choice provide incentives to lower costs, which are argued to be absent in the bureaucratic model of administration. He argued that ‘alternative forms of organization may be available for the performance of those functions apart from an extension and perfection of bureaucratic structures’ (Ostrom, 1989, p. 16), and that the work of contemporary political economists, based on a paradigm derived from economic theory, ‘challenges many of the basic assumptions in the traditional theory of public administration’ (1989, p. 64). The way that public administration changed bears out much of what Ostrom advocated, even if the ideas took some time to be adopted. Public management does draw on economics – using such theories as public choice, principal–agent theory and transaction cost theory (Walsh, 1993; Boston et al., 1996; Kaboolian, 1998, p. 190); and, second, it aims to move away from bureaucracy as an organizing principle, just as Ostrom had argued.

The second theoretical basis for public management can be found in the private sector. There are several managerial changes with antecedents in the private sector. In the private setting, there is greater flexibility in tailoring the organization to circumstance, instead of necessarily following a rigid Weberian model. While the private sector was once as bureaucratic as any government, it moved earlier towards more flexible forms of management, and the managerial changes in the public sector follow these. The focus on results could be said to derive from economics, but is also present in private management, because without achieving results a company would be out of business. The greater attention now paid to strategic planning and management in the public sector also derives, in its most recent incarnation, from the private sector (see Chapter 10). Private sector personnel practices have been adopted to some degree in government, including the greater use of incentives and disincentives throughout the organization. The adoption of more formal means of evaluation has private sector roots, as does the improvement in information systems to provide accounting or other data. These could all be said to derive from the private sector, but none could be seen as being exclusively a private sector technique.

Where private management is particularly helpful for managerialism is in deconstructing parts of the public system once considered to be fundamental. Of course, the public sector must be fair and impartial in dealing with clients, but this does not mean that public servants need be politically neutral or have a job for life. It may be difficult to measure performance in the public sector, but this does not mean that no attempt should be made. The political nature of the public sector does make it different from the private sector, but this does not mean that all acts are political, or that all policy actions need to be undertaken by politicians. This is particularly the case with the input factors identified earlier, such as the generous staffing conditions once thought necessary for public servants. It is hard to see how service delivery is necessarily damaged by employment by contract or on a part-time basis, or if staff are initially hired at higher levels than the base grade. However, all these are against what was once thought necessary for all public employment. If much of the actual work in the public sector is the same as the private sector, other than at the highest levels, it is hard to justify unusual employment practices or pension schemes that are far more generous than in the private sector.

Perhaps the most important point imported from the private sector is the focus on objectives. Making the achievement of results the primary aim, with everything else being secondary, is a major change of mind-set. Also, bureaucratic organizations are not axiomatically efficient, as discussed earlier. The private sector has experimented with other organizational frameworks – profit centres, decentralization, staffing flexibility, all of which have public sector parallels. The movement in the private sector towards flexibility is now also being emulated by the public sector. However, the borrowing from the private sector can be overstated. It is unhelpful merely to argue that, as a particular point derives from private management, it cannot work in the public sector.

The problem of New Public Management

As noted earlier (Chapter 1), the managerial changes largely became referred to as ‘New Public Management’ or NPM. NPM became a kind of shorthand used to describe the economicist, managerial changes in public management. It has not been helpful in terms of any kind of precision around the reform process as a whole. As will be argued, the understanding of public management reform has not been assisted by the invention of the term NPM.

In what appears to be the first use of the term, Hood (1991) declared that the managerial programme, or what he named ‘New Public Management’, comprises seven main points (pp. 4–5):

- **Hands-on professional management** in the public sector. This means letting the managers manage, or, as Hood puts it, ‘active, visible, discretionary control of organizations from named persons at the top’. The typical justification for this is that ‘accountability requires clear assignment of responsibility for action’.
- **Explicit standards and measures of performance.** This requires goals to be defined and performance targets to be set, and is justified by
proponents as ‘accountability requires [a] clear statement of goals; efficiency requires a “hard look” at objectives’.

- Greater emphasis on output controls. Resources are directed to areas according to measured performance, because of the ‘need to stress results rather than procedures’.

- A shift towards disaggregation of units in the public sector. This involves the breaking up of large entities into ‘corporatized units around products’, funded separately and ‘dealing with one another on an “arm’s-length” basis’. This is justified by the need to create manageable units and ‘to gain the efficiency advantages of franchise arrangements inside as well as outside the public sector’.

- A shift to greater competition in the public sector. This involves the move to term contracts and public tendering procedures and is justified as using ‘rivalry as the key to lower costs and better standards’.

- A stress on private sector styles of management practice. This involves a ‘move away from military-style “public service ethic” and “flexibility in hiring and rewards”, and is justified by the “need to use “proven” private sector management tools in the public sector”.

- A stress on greater discipline and parsimony in resource use. Hood sees this as ‘cutting direct costs, raising labour discipline, resisting union demands, limiting “compliance costs” to business’ and typically is justified by the ‘need to check resource demands of public sector and “do more with less”’.

In setting out these points, Hood (1991) was not putting NPM forward as a programme to be followed, nor should he be seen as an advocate of any kind. What Hood did was to aggregate a set of disparate changes, most notably from the UK, as if they were sub-categories of a wider movement of change, and then give it a title – ‘new public management’. However, the term has not been very useful for several reasons: it regards disparate changes as part of a unified whole; it has a usage really only among critics of public sector reform; it is a diversion from the real changes that have taken place; it has led to an unhelpful gap between actual public management practice and academic discussion of it; and, finally, there is neither an agreed set of points constituting NPM, nor is there a theorist who can be identified as an advocate. These points are elaborated later (see Chapter 15). A programme it never was; and an agenda it never was, other than in retrospect. No one, even in the UK, put the parts together as a coherent programme to be followed step-by-step. NPM was, at most, a convenient label for disparate changes.

Many of Hood’s detailed points have a much longer history than being part of something new, which would in the future deserve the title ‘NPM’. The last point, on greater discipline and parsimony in resource use, is a long-standing public administration concept around safeguarding the public purse. Private sector styles of management – the penultimate point above – also have a long history in public administration; indeed, the history of management thought is replete with any number of borrowings from private to public and vice versa. Contracting out is hardly new, either. Contracting and tendering have a history within government, including in Britain, of literally hundreds of years. Moreover, governments everywhere contract for supplies from the private sector; the precise point at which goods or services are delivered in-house or bought in from outside might change over time, but the principle is unexceptional and not novel at all. The second and third points above are essentially the same as each other, about measuring performance and directing resources to areas where results have occurred. The extent of this may indeed have been enhanced in recent decades, but only gradually and not as a part of a consistent NPM programme. Performance management is also linked with the old public administration value of value for money; it ‘both pre-dates and persists strongly beyond NPM’ and exists in countries without NPM-like reforms (Halligan, 2007, p. 43). In the United Kingdom, using performance management to enhance productivity dates back to the beginning of the twentieth century (Bouckaert and Halligan, 2008, pp. 71–3). During the time of the traditional model, performance decisions were still made, but were more ad hoc and often arbitrary. Performance management systems may now be more formalized than before, but the principle is not new at all.

Two points remain from Hood’s list – ‘hands-on professional management’ and ‘disaggregation’. The first of these does mark a major shift, but was hardly new. It is probably not possible to determine the precise point where public servants began to be regarded as responsible for the achievement of results, but it was much earlier than 1991. The second – disaggregation – was never a requirement of managerial reform generally even though it was used in the UK and New Zealand in the early days.

Hood states that ‘there is no single accepted explanation or interpretation of why NPM coalesced and why it “caught on”’ (1991, pp. 6–8). He does mention four possibilities: first, as a ‘whim of fashion’; second, as a ‘cargo cult’ – the endless rebirth, in spite of repeated failures, of the idea that substantive success (‘cargo’) can be gained by the practice of particular kinds of (managerial) ritual; third, as an attraction of opposites; and fourth, as a response to a set of special social conditions which itself includes ‘changes in income and distribution, post-industrialism, post-Fordism, new machine politics and a shift to a more white-collar population’. A further point, but not mentioned by Hood, was that there was a widespread perception that the old model simply did not work.
By the early 1980s, governments in key countries seemed to be convinced that there were managerial inadequacies in their public services and there was, as a result, a general aim to improve their operations. Once reform started, other governments copied what had been implemented by other jurisdictions, but with the exception of a predilection, as in New Zealand, towards economics, the reforms were not particularly theoretical. Following a review of the reforms many years later, Hood and Peters noted (2004, p. 268) that there was no definitive treatise on NPM (see Chapter 15). Other than mentions of the early involvement of practitioners such as the New Zealand Treasury and that the apparent coherence of the ideas attracted debate and attention, they argued that NPM was ‘somewhat mystical’ with different authors listing different features that characterized NPM.

There was no theoretical treatise that emerged because there was no theoretical treatise to emerge. Hood and Peters are also quite correct in pointing out that no two authors list exactly the same points for NPM; what this does is damage the very notion that there ever was a new public management. All this is not to deny that there has been real and substantial change in the public sector. It is just that the change becomes a tendency rather than a clear program that marks a major discontinuity from past practice.

That NPM was only a tendency can be shown by looking at what Pollitt (2001) considered to be a number of general elements of the new model accepted by most commentators (pp. 473–4):

- A shift in the focus of management systems and management effort from inputs and processes to outputs and outcomes.
- A shift towards more measurement, manifesting itself in the appearance of batteries of performance indicators and standards.
- A preference for more specialized, ‘lean’, ‘flat’ and autonomous organizational forms rather than large, multi-purpose, hierarchical bureaucracies.
- A widespread substitution of contract or contract-like relationships for hierarchical relationships.
- A much wider than hitherto use of market or market-like mechanisms for the delivery of public services (including privatization, contracting out, the development of internal markets, etc.).
- A broadening and blurring of the ‘frontier’ between the public and private sectors (characterized by the growth of public/private partnerships of various kinds and the apparent proliferation of ‘hybrid’ organizations).
- A shift in value priorities away from universalism, equity, security and resilience and towards efficiency and individualism.

There are three points to make about Pollitt’s listing of elements of the new model. First, there is no sense that added together there is a consistent programme at all, or at least one that is truly novel. Some of Pollitt’s points about NPM are related to Hood’s list, and some are new. Again there is mention of measurement; again there is a preference for contracts; again there is the shift from inputs and processes to outputs and outcomes. ‘Sort of new’ is the wider use of market mechanisms and the shift in value priorities. A quibble could be made about the validity of a shift in value priorities both before and after reform, but, in general, Pollitt’s list of elements does provide a good summation of the overall reform programme.

Second, the very language used by Pollitt in his list of elements is enlightening. There are various ‘shifts’, a ‘preference’, a ‘much wider use of market mechanisms’, a ‘broadening and blurring of the frontier between public and private’ and the like. Rather than sharp change, these can all be considered to point to incremental shifts and changes of emphasis. Therefore the new model can be argued to be a tendency towards change, an exaggeration of past practice, rather than something completely novel. The reform process has been real. It has been substantial. But what it has done most of all is indicate a shift in direction, not a revolution, certainly not one that deserves the special appellation of ‘New Public Management’.

Another complication is that there are a number of formulations of NPM, indeed almost as many as there are theorists. The arguments as to what NPM is, or what it has done, or is doing, have been unproductive. What has often been missed, however, in the fruitless arguments about management consultants, economics, private management practice, performance management, accrual accounting and so on is that actual reform has taken place. The reform has occurred regardless of the critics and their comments. The changes in a managerial direction were significant, but they also showed considerable continuity with previous reform (Ruggie, 2003). That there have been reforms is undoubted; where there is a problem is in the argument that is often put forward, that there is a single programme or agenda to which all reform can be attached.

Public sector reform

The argument about NPM should not become a diversion from the much broader set of changes that have resulted in the replacement of public administration by public management. The reforms that have occurred are rather more likely to be tailored to country and to circumstance. A useful characterization is in what Kettl terms the core components of public sector reform. These are: productivity – more services for less of an outlay; marketization – using market-style incentives to
‘root out the pathologies’ of bureaucracy; service orientation – more responsive service delivery; decentralization – devolving responsibility for delivery to lower levels of government, notably in federal systems; policy – improving the capacity to devise and track policy, including a separation of purchasing services from provision; and accountability – a focus on outputs and outcomes rather than on processes and structures (Kettl, 2005, pp. 1–3). These are all commonly found, as Kettl points out, in countries around the world where the reforms ‘sought to replace traditional rule-based authority-driven processes with market-based, competition-driven tactics’ (p. 3). Note that Kettl is not stating that there is a single programme of reform delivered unvaried around the world. It is a more general trend rather than following a specific programme. The following nine sub-sections set out some of the changes that have been typical in public sector reform.

Management not administration

The key change in the public sector is from public administration to public management. A public manager is now required to achieve results and take personal responsibility for their achievement. Public organizations do things. Governments now want to know what they do; how well they do it; who is in charge; and who is taking responsibility for results. There are subsequent changes: managers are now involved in matters of policy; they may also be involved in matters of strict politics; they take charge of delivery, all as a consequence of being responsible for achieving results. High-profile managers are often appointed on short-term contracts, have management backgrounds and are employed to get results. They may also be public figures in a way not previously considered normal for a public servant, and may prefer working for one side of politics. Another change in senior management is the move away from specialist heads – such as engineers or scientists in technical areas, or doctors in health departments – to managerial heads of agencies. Management is seen more as a function requiring its own skills rather than something that specialists from technical areas can simply ‘pick up’.

Leadership

A managerial model requires leadership; indeed, this is another of the key aspects of the change from the traditional administrative model. A strictly bureaucratic model has no place for leadership or any other personality-driven behaviour from anyone in the system. A managerial model not only recognizes that informal, personal behaviour will exist in reality, but sets out to capture it and use it for organizational benefit. As Behn (1998b, p. 211) states:

Leaders exercise initiative by articulating and clarifying purposes; by setting and pursuing performance targets; by educating, persuading, and motivating people; by choosing among alternatives; and by experimenting with strategies and tactics. It is all very public. And it is all very personal.

Instead of decisions being made by impersonal application of the rules, they are to be made in order to achieve results, to solve problems, and, crucially, a manager is required to do this as a person, as an individual.

A focus on results

With the manager being responsible for the achievement of results, the organization must as a consequence have some focus on results and their measurement. Traditional public administration looked more to processes rather than results, or at least assuming that the processes themselves would lead to results. Agencies are now expected to develop some way of measuring the progress made towards achieving declared objectives. A formal performance appraisal system is now commonplace for individual staff. This replaces the informal methods that always existed but which would more often now be considered to be ineffective and leading to inferior organizational outcomes. Performance monitoring includes more than performance indicators. A performance orientation requires ‘changing the incentives in the institutional framework – the budget and personnel systems, the approach to control and risk management, etc. so that performance is encouraged, rewarded and required’ (Holmes and Shand, 1995, p. 563). A performance and results orientation has been one of the most controversial aspects of managerial reform, but if scarce public money is to be allocated to a task, there should be some way of being able to tell if the desired results have been achieved.

A more strategic approach

Strategic planning and strategic management (Bryson, 2004) can be used to provide a longer-term perspective on what governments and agencies aim to achieve (see Chapter 10). Only by knowing what government organizations do, what they aim to do in the future, and how they have progressed towards declared objectives, can the political leadership decide which programmes or even agencies or departments are worth retaining. Strategy is one of those so-called private sector techniques that is often criticized, but any means of moving away from the short-termism endemic in government should not be dismissed out of hand.
Improved financial management

Better ways of accounting for government activity follow directly from the requirements for the achievement and measurement of results. Financial management has been one of the more successful of the public sector reforms, in particular the performance and programme budgeting systems that have largely replaced the older line-item budget and accounting systems. The focus was formerly on inputs rather than outputs, or on what the agency actually does. To take into account changes in the value of assets and to be more like private sector practice, accrual accounting has replaced cash accounting in some countries. This is hard to implement but potentially much more accurate than traditional budgeting practices. It is more common now for budget responsibility to be devolved to lower levels, where it is part of the management task.

Flexibility in staffing

Again, the requirement for managers to take personal responsibility for results leads to changes. Traditional public administration staffing practices, such as only hiring at the base grade, promotion by seniority, inability to terminate the contracts of poorly performing staff, and inadequate performance appraisal often led to mediocrity. A general set of staffing changes has led to much more flexibility, with the aim of improving overall efficiency by developing the service’s management capability. There has been a general recognition that good staff need to be paid much higher salaries. At the same time, inefficient staff can now be dismissed more quickly, though with retention of some protection against arbitrary or politically motivated dismissal.

Competition and contractualism

The contracting out of government services on the grounds of competition has often been considered one of the big changes in the reform process (Davis, 1997; Greve, 2007). The significance of this has been overstated, given that governments have always contracted out to some extent. Still, because there has been a re-emphasis on contracts and competition it has meant that internal provision has faced some challenges. It is argued by proponents that if services are ‘contestable’ they should be put out to tender. Widespread privatization is part of this shift, but is not the only means of reducing governmental scope. Competition for provision through contracting, sometimes within government, is seen as reducing costs compared to bureaucratic provision.

Under what has been called ‘contractualism’ (Davis, 1997), any conceivable government service can be provided by contract, either externally through private or voluntary sector providers, or internally with other parts of government. Compulsory competitive tendering was adopted in local government in the UK in the early 1980s and in other parts of the government later (Walsh, 1995, pp. 110–37; Flynn, 1997, pp. 114–15), though its utility was questionable and its actual success doubtful. Far more important than compulsory tendering has been the realization that tendering for a particular good or service is one of the possible ways for public managers to attain the results they are required to achieve.

Relationships with politicians

When managers take responsibility for the achievement of results, their relationship with politicians and the public must alter. In the traditional model, the relationship with the political leadership was narrow and technical, of master and servant, of those giving the orders and those carrying them out. Under the public management model, the relationship between politician and manager is more fluid. It is not a narrow and technocratic form of management, as political authority still exists. In other words, there is not an unrealistic formula for the relationship between politician and manager, there is interaction.

The major skill needed of a public manager is how to be a bureaucratic politician in a way, to be able to interact with politicians and with the outside world. The behaviour required is not party-political, rather it is politics in terms of being able to work with people. The traditional model tried to de-personalize and de-politicize what was essentially political. Public management recognizes the essential political character of government; public servants work with politicians in an interactive process. Of course, politicians have the final say, but the unrealistic separation of policy-making from administration has finally been discarded.

Relationships with the public

There is more recognition of the need for direct accountability between managers and the public, as the result of demands for a ‘client focus’ and for greater responsiveness to outside groups and individuals. This is another big difference from the traditional model of administration, where there was little contact with the outside world, even with clients. Public management is now much more open to active participation from the citizenry, from clients, and from stakeholders. Rather than there being a single one-best-way solution there are many possibilities. In addition to active participation, public managers realize that much of what they do relies on collaboration with the public (see Alford, 2009).
These nine points of reform do not constitute a single unvarying model or programme. There could be other points added; also, in some countries, particular ones may be emphasized more than others. To reiterate, the single key change is that a public manager is personally responsible for the achievement of results. From this simple change, most of the others naturally follow. The nine points cited are tendencies; changes of emphasis from prior practice. Added together, they sum to real and substantial differences between what is termed here the traditional model of administration and public management.

**Criticisms of managerialism**

There have been sustained criticisms of reform from its beginnings in the 1980s. In some countries, particularly the United Kingdom, there has been quite overt hostility about any kind of managerial reform. There are some aspects of public sector reform where the criticisms have been justified; and there are other aspects that have not been justified. Some particular points will be examined briefly here, while some key criticisms of the entire public sector reform era will be considered later (see Chapter 15).

The economic basis of managerialism

One of the criticisms of managerialist thinking derives from its foundation in economics. Of course, no theory is immune from criticism. Economics is often attacked for its supposed ideological bias and unrealistic assumptions. In the real world, all individuals do not behave rationally all the time, and not all governmental problems will be amenable to economic techniques. Perhaps there are limitations to the use of economic methods in the essentially political environment of the public sector.

There are two main criticisms of the economic basis of managerialism. The first is that economics is a flawed social science and its application to government is similarly flawed. This is not a new criticism and has been made ever since economics and the capitalist system matured. More to the point in a general criticism of economics is that neo-classical economics is only one strand and, if dominant at the present time, there are other economic theories that allow a greater role for government, and a consideration of economics where individual psychology is taken into account, including behavioural theories (see Thaler and Sunstein, 2009).

The second, and more common, criticism is that, while economics has some validity as the basis for the economic system and the private sector, its application to government is ill-conceived. Pollitt (1993) comments that public services are more distinctive than any generic model of the consumer would allow, for two reasons. First, the 'provider/consumer transactions in the public services tend to be notably more complex' than those faced by the consumer in a normal market; and, second, public service consumers 'are never merely "consumers"; they are always citizens too, and this has a set of unique implications for the transaction' (Pollitt, 1993, pp. 125-6). Both points have some validity. Public service transactions are indeed more complex, and the consumer being a citizen does make for some complications. It has always been paradoxical that particular citizens could, on the one hand, demand more government services and, on the other, complain about taxation levels.

However, it is then necessary to explain why the supply and demand of particular governmental goods or services do not behave in the same way as in other markets. In most circumstances the laws of supply and demand work for government services in a similar way to the private sector. If governments wish to reduce the consumption of oil among the population, the easiest way is to increase its price through increasing its level of taxation. Increasing farm subsidies will increase the supply of farm produce, as the European Union's agricultural policy demonstrates. Where there may be difficulties is at the edges of market behaviour. Does increasing the monetary support for sole parents increase their numbers, as some conservatives might claim? Along with other policy issues this would have to be studied, but where economics, even public choice economics, can be helpful is in giving a framework for that study. It should be seen as a tool rather than a programme.

It does seem odd that traditional public administration eschewed the use of economics, given that government operates in an environment of resource scarcity where there are many competing demands. Rather than criticizing public management for incorporating economic ideas and methods, the question should be why traditional public administration avoided them.

The basis in private management

The derivation of managerialism from a private business model is a source of some criticism. It might be argued that the public sector is so different that generic or private sector models of management become irrelevant to its operations. For example, altering the focus of organizations from inputs to outputs has several linked steps – determining strategy and setting objectives, devising programmes to meet objectives, setting structure and funding by programme, measuring performance, and evaluating achievements. The steps follow each other in a logical progression; once objectives and results can be specified, the
other points also become necessary. However, this means that, if objectives are difficult to set in practice, the other points become irrelevant as they rely on the existence of clear objectives.

Staffing changes are sometimes seen as being derived from the private sector. This could include fitting staff for their positions, appraising their performance, and rewarding them accordingly with merit pay. The emphasis on performance also leads to short-term appointments by contract, and being able to terminate staff who are not performing. Such changes may have derived from the private sector, where staffing and budgeting flexibility had long been a source of some envy for managers in the public sector. However, it should not be seen as something 'necessarily derived from the private sector' (Holmes and Shand, 1995, p. 560). Even if it is harder to determine objectives or to measure results in the public sector, surely some attempt needs to be made because, without objectives or some idea as to what has been done, how can a particular agency or government function at all?

Perhaps there are some inherent differences between the sectors that impose limitations on which reform is adopted and its eventual success. Of course, the uncritical acceptance of particular private sector practices may well fail in the public sector, but that does not mean that the public sector should be managed by traditional, time-honoured means. It is odd that there is so much criticism of private sector management techniques being imported into the public sector. More important is, for a start, how they are translated and, second, if they work. Any technique needs to be modified to fit its new environment. But the comparison needs to be made with what went before, instead of simply arguing that because it came from the private sector it will not work.

'Neo-Taylorism'

A particular theoretical criticism put forward by Pollitt is that managerialism represents a revival of the scientific management ideas of Frederick Taylor (1911) discussed earlier (see Chapter 3). Pollitt (1993) describes the managerial reforms as 'neo-Taylorian' as 'the central thrust, endlessly reiterated in official documents, is to set clear targets, to develop performance indicators to measure the achievement of those targets, and to single out, by means of merit awards, promotion or other rewards, those individuals who get "results"' (p. 56). However, it is misleading, and an odd reading of management history, to see public sector reform as being Taylorian. In fact, there is far greater commonality between Taylor and the traditional model of administration, which adopted Taylor's scientific management enthusiastically in the 1920s, than with public sector reform.

Taylor (1911) did believe in picking people for particular jobs, rewarding them according to performance, and measuring what they did. According to Pollitt (1993), the chief features of Taylorism and managerialism were that 'they were, above all, concerned with control and that this control was to be achieved through an essentially administrative approach – the fixing of effort levels that were to be expressed in quantitative terms' (p. 188). Some forms of managerialism, notably in the early days, did do those things. Management by arbitrary target was also used. However, while it is certainly the case that measurement is emphasized in managerialism, it is used in a quite different way than in Taylorism. Taylorism did use measurement but to set processes and procedures; the one best way to carry out a task was measured and then subsequent users of a machine or process would follow that method exactly. Performance measurement is, or should be, about how to provide information on results, not to establish procedures to be followed in every case. In its expressed aim to be more flexible, public management should be rather less Taylorian than traditional public administration was previously; indeed, Taylorism was a much closer fit with the traditional theory of bureaucracy, which happily adopted it into public administration by the 1920s.

Politization

Changes to public sector management are said to involve 'politicizing' it – involving it directly in matters of party politics (Pollitt and Bouckaert, 2004). It is the case that political leaders are now more likely to select their agency head, and to require some sympathy with their political goals. This does cut across the traditional model's emphasis on neutrality and non-partisan administration; to the extent that these are valued, management does mean a derogation of time-honoured precepts. What is not clear is how much difference it makes in practice. There are two sides to the question of politicization.

On the one hand, it could be said that those putting forward arguments about 'politicization' ignore the fact that public service is fundamentally a political instrument. What is happening now is that a problematic feature of the traditional model of administration – that public servants were not supposed to be 'political' – is being viewed in a more realistic way. As in the American system, even overtly political appointments may be of general benefit, provided they are recognized as such and do not go too far down the hierarchy.

On the other hand, politicization could lead to problems of the kind that Woodrow Wilson and the reform movement in the 1880s tried to repair. Wilson argued that separation between politics and administration would reform the spoils system and reduce the corruption that the system engendered. If managers are to be made responsible for their
own results, and the system becomes more political and personal as a result, the same kinds of problems could recur. If this happened because public servants were too political, there might be demands to reinstate the notion of neutrality.

One of the supposed strengths of the traditional model of administration was its refusal to acknowledge or be involved in politics. This was always naive and unrealistic, given that the administration of government is inevitably a political process in its own right. Public managers do involve themselves in politics, though not necessarily party politics, and this fact should be openly acknowledged. Instead of hiding behind a false neutrality, public managers should be clearer about the political costs and benefits of alternative courses of action.

Reduced accountability

There is some concern as to whether the new managerial concepts and procedures fit in with the system of accountability (see Chapter 9). If public servants are to be managerially accountable, this could be seen as detracting from the accountability of a political leader. And how can a citizen call a public servant to account? Accountability may become a real problem, though the old system was unrealistic and a very poor guarantor of accountability in any case. In addition, the managerial changes do promise greater transparency, so that the achievements of particular programmes can be seen. This may actually improve accountability, in that the public should have a better idea of what governments are doing, while the greater involvement of external stakeholders means that their interests are taken into consideration more than before.

Difficulties with contracting-out

While it is easy to argue that private markets are superior and efficiencies will result from privatizing government activities, implementation is not simple. To make contracting-out actually work is very different from thinking it is a good idea; there are awkward details to be worked through. It takes a lot of effort and experience for public servants to become skilled at contract management. And following from Williamson (1986, 1996), the transaction costs may be greater for some tasks in contracting-out than in keeping them in-house. Contracting-out should be seen as another tool for public managers, which may or may not be more efficient, depending on the particular case.

Disaggregation

Disaggregation means splitting up large departments by setting up agencies to deliver services for small policy departments. The extent that this was ever required from public sector reform is a real point of contention. It has been argued that disaggregation was a requirement of NPM (Hood, 1991; Dunleavy et al., 2005). Disaggregation was used in the UK, starting with the ‘Next Steps’ initiative in 1988, and in New Zealand in its early reforms, but it makes no sense to regard disaggregation as being fundamental to public sector reform.

The basic model specified in the ‘Next Steps’ report was to set up a separate agency responsible for the delivery of services, which it did on a contractual or quasi-contractual basis with the relevant policy department. To some extent this was not new; the practice of dividing large departments into smaller segments was accepted in a number of countries such as the United Kingdom, New Zealand and the Netherlands and has been established in the Scandinavian countries for decades (Peters, 1996, p. 31). However, despite appearing in Hood’s NPM list, disaggregation is not a logical requirement of public sector reform. In other countries than the United Kingdom, such organizations ‘have been established on a case-by-case basis reflecting some focus on disentangling service provision, funding and regulation’ (Holmes and Shand, 1995, p. 569). Given the overall policy goal of flexibility and allowing managers to design their own organization, within limits, the requirement for ‘Next Steps’ agencies in the United Kingdom goes against these goals.

Holmes and Shand are critical of the UK structural reforms, arguing that there needs to be a system-wide assessment of the policies themselves and whether they are working. Structural changes, ‘such as imposing service-delivery agencies separate from policy departments, or even the compulsory tendering of local government services, do not do this by themselves’ (Holmes and Shand, 1995, p. 566). Early reforms did set up a plethora of agencies in New Zealand, but many were swept away later following a review as they were considered not to be assisting managerial reform. Disaggregation was not a fundamental requirement for managerial reform even though it was considered important in some countries.

Ethical issues

There are concerns expressed about ethical behaviour in public services following reform. Hood (1991) remarks that the new public management ‘assumes a culture of public service honesty as given’ and ‘its recipes to some degree removed devices instituted to ensure honesty and neutrality in the public service in the past (fixed salaries, rules of procedure, permanence of tenure, restraints on the power of line management, clear lines of division between public and private sectors)’ and the extent to which the change is ‘likely to induce corrosion in terms of such traditional values remains to be tested’ (p. 16). On the
other hand, deLeon and Green (2004) state there are several constructs from managerial reform that would be useful in combating the excesses of political corruption, including ‘community-owned government, competitive government, mission-driven government, and results-oriented government that is enterprising, anticipatory, and decentralized’ as well as ‘modern accounting and management information systems’ (deLeon and Green, 2004, p. 240).

There may be some tension between a requirement to improve management and system design as a strategy to reduce corruption on the one hand, and active discouragement from using better management in order to do so, on the other. There may well be opportunities for the unscrupulous in the greater use of contracting, but there were already avenues for enrichment in the traditional model of administration, as developing countries have shown, in such areas as the allocation of licences and permits, as well as government purchasing. Whether greater ethical problems do occur as a result of managerialism is not clear. The benefit of the old system was its high standards of behaviour, but its weakness was that results were only incidental. Greater transparency and freer availability of information may be sufficient incentive devices for the maintenance of high ethical behaviour by managers.

Are there ways of improving or maintaining ethical standards while gaining the benefits of a managerial approach? Perhaps managerialism offers greater transparency so that unethical or corrupt behaviour can be detected more easily; the greater stress on measurable performance may impose its own kind of behavioural standard. Perhaps managers can be inculcated with the ethical standards common in the old model. Further, as there is supposed to be no change to political accountability, politicians will remain responsible for ethical lapses in agencies under their control. The fact that ethical problems are unsolved in the private sector should be a caution to public managers.

Implementation and morale problems

Managerial changes were usually instigated from the top and with insufficient attention paid to implementation as well as the negative effects on staff. This has been a real problem, although in some countries where time and resources have been devoted to the reform process, it has been carried out well. Better training should occur as part of the overall package, particularly management training for senior staff, but, when resources are cut, such activities are seen as expensive luxuries. In fact, following through with the details may make the eventual difference between the success or failure of reform.

Perhaps the reform process was carried out at such a pace that people in the system did not know where they stood. Morale suffered, particularly in the early stages. Even where change was widely seen to be necessary, questions arose as to whether it might have been handled better. But, as the reform process continued and as new staff were employed with no direct knowledge of the old system, expectations changed. The terms and conditions of employment may now be much more like those prevailing in the private sector, but newer staff appear to accept this, even if the cost is perhaps a reduced willingness to regard their job as one for life.

The critique in sum

In the final analysis, the critique of the transition to public management has some valid points but is unconvincing, or at least unproven. Further criticisms of it will be addressed in subsequent chapters. However, the real test is the performance of a managerial model as compared with the old model. Governments provide scarce resources to public programmes and would like to know that public ends are being served in an efficient and effective manner. Strategic planning techniques can specify what departments are to do; programme budgeting and accrual accounting mean that scarce funds can be better targeted; performance indicators allow some measure of how well targets are being achieved; and personnel changes increase flexibility so that the most able are rewarded and the inadequate can be removed. While no theory can be expected to apply perfectly, the important point is that the old system performed poorly on all these points.

Conclusion

The public services of many developed countries and some developing countries could now be regarded as following the precepts of public management. There are still elements of the traditional model of administration around in an uneasy coexistence with public management. The formal power structure of bureaucracy remains, but conditions of employment and delivery of services have been reformed. The logic has been established and fits what governments actually want, which is the maximum of service delivery at the lowest administrative cost, and with the designated public manager taking responsibility for results.

Public management does not mean usurpation of government by technocrats, a reduction in accountability or a diminution of democracy. All the managerial changes do is to allow for public actions to be carried out in a more efficient, cost-effective way, by providing more and better information to those making decisions. In the final analysis, these decision-makers are politicians working with the public service in an interactive process justifiably called management.
What we are witnessing may be a new theory of management, but so far it has been a theory of public management rather than generic management. Public management will not be developed further merely by transferring private management techniques to the public sector, but rather by a consideration of what the general management function entails; understanding what the peculiar features of management in the public sector are; and the derivation of a new system of management to suit that sector.

Despite criticisms, changes of government and misgivings from parts of the citizenry, public management is now firmly established. Who now mentions public administration or describes their job as a 'public administrator'? Public managers are responsible for the achievement of results; they have to develop innovative ways of supplying goods and services; and they will manage risk instead of avoiding it, which was a characteristic of administration. Once change is accepted, it is hard to stop. But what remains to be seen is if the best parts of the old model – professionalism, impartiality, high ethical standards and the absence of corruption – can be maintained, along with the improved performance a managerial model promises.

Chapter 5

Public Policy

Chapter Contents

- Introduction
- Public policy, administration and management
- Policy analysis
- Economic public policy
- Political public policy
- Evidence-based policy
- Limitations of policy analysis
- Conclusion

Introduction

In the early 1970s, public policy arose as a separate field within the broader area of public administration. Adherents distanced themselves consciously and deliberately from the older discipline; their movement derived from 'an assumption that orthodox public administration had reached a dead end' (Kettl, 2002, p. 13). Most public policy practitioners at the time saw it as being about decisions, and in particular with the application of formal, mathematical methods to solve public sector problems. Public policy is important in its own right and as an influence on public management, but there is a question as to whether it is truly different from other approaches to the public sector, and whether there is any advantage in maintaining it as a separate discipline.

Public policy could be seen either as a reaction to and a critique of the public administration tradition, or as the long-overdue adoption of formal techniques by the public sector. Another usage of the term 'public policy' is that by applied economists, meaning the application of economic methods and models to governmental issues. Despite both groups using the same name, their approaches are very different. To confuse the issue even further, one of the biggest differences between public management and public administration is the former's openness to the use of economics. The economic versions of public policy appear to have become predominant in government.