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What Do We Want Public Managers To Be? Comparing Reforms

Anne M. Khademian, University of Michigan

Peter Aucoin (1995). *The New Public Management: Canada in Comparative Perspective*. Montreal, Quebec: IRPP, Ashgate Publishing Company; \$19.95 paper; 280 pages.

Jonathan Boston, John Martin, June Pallot, and Pat Walsh (1996). *Public Management: The New Zealand Model*. Oxford University Press; \$65.00 paper; 416 pages.

Public management reforms around the globe face a perennial challenge: How can governments give civil servants enough autonomy to maintain neutrality and insure the flexibility necessary to manage public programs efficiently and effectively, yet still ensure managers' accountability to a government's fiscal and programmatic priorities? Where should we draw the line, and what institutional designs and incentives should we construct to keep the line in place? Any solution to the challenge is political, requiring governments to grapple with definitions of accountability, the appropriate distribution of executive and legislative powers in government, the identification of chains of command, and citizens' proper role both as demanders of quality services and as suppliers of the ultimate course of accountability.

According to Jonathan Boston, John Martin, June Pallot, and Pat Walsh, authors of *Public Management: The New Zealand Model*, and Peter Aucoin, author of *The New Public Management: Canada in Comparative Perspective*, advocates of the "new public management" in the four Westminster systems of New Zealand, Britain, Aus-

tralia, and Canada offer a surprising and familiar answer to the challenge: Define the "rules of the game" in a manner that separates policy making (the definition of objectives, organizational missions, performance targets, and measures) from operations. The answer is familiar because it is the traditional premise of public administration thought and practice. It is surprising because it has been explicitly rejected by American public management scholars and practitioners who also identify themselves with the "new public management," but who stake out a field of study distinct from traditional public administration writing and practice.¹ In the American literature, a public manager is typically called a "leader," "executive," or even "entrepreneur," responsible not only for assessing the political feasibility of management efforts, but at times facilitating deliberative processes that help hone agency missions, or building coalitions of support for the public programs they manage.

Focusing on New Zealand reform efforts, Jonathan Boston and his co-authors clearly recognize the practical difficulty of separating politics and operations, arguing that "[a]t some point [the] twin imperatives of political control and neutral competence will conflict" (9). Operational issues (such as "matters relating to decisions on individual employees"), they note, can readily become political. Similarly, comparing reforms in the Westminster countries, and how they might specifically inform Canadian efforts (of which he is critical), Peter Aucoin notes that separation creates a diffi-

culty with the need to protect the "merit principle while retaining the advantages that flow from the exercise of the executive prerogative" to intervene in agencies' operational affairs (75). Complicate this formula with what Aucoin argues is an increased propensity by members of the Canadian Parliament to become involved in implementing policy, and the task of distinguishing politics from operations grows more daunting. Nevertheless, the authors of both books argue that the basic premise is essential to reform effort. The reform experiences of New Zealand and Britain, Aucoin argues, "represent an explicit acknowledgment that the traditional ministerial department no longer achieves meaningful ministerial direction, control and accountability for public policy and administration. They have destroyed the myth that responsibilities for policy and operations cannot be separated without a loss of political control over administration" (247).

Common Ground

American and Westminster advocates of the new public management find common ground in explaining why such reform is necessary. Peter Aucoin summarizes a "trinity" of broadly based challenges with which western democracies have coped, partly through management reform: 1) growing demands for restraint in public-sector spending, 2) increasing cynicism regarding government bureaucracies' responsiveness to citizen concerns and political authority, and hence dissatisfaction with program effectiveness, and 3) an international, market-driven economy that does not defer to domestic policy efforts. Jonathan Boston and his colleagues similarly identify concerns in New Zealand over the "accountability of officials to ministers" and whether or not "public servants [were] properly responsive to their superiors" as opposed to "special" or industry interests; questions about public-sector agencies' capacity to "achieve the objectives set for them"; concern for the efficiency of the

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public sector and its price tag as a proportion of GDP; and doubts regarding public-sector agencies' ability to "address equity concerns and specifically bicultural issues" (57). Such broad concerns for budget deficits, bureaucratic responsiveness, and performance, and for the "drag" government sector activities place upon the private sector's competitiveness are also frequently identified as the rationale for American public management reform.

Despite institutional differences between a parliamentary system and that of the United States, diagnosis of the more specific "bureaucracy problem" embedded in the above concerns, particularly that of Canada, reveals similar patterns in elected officials' oversight of government agencies. Just as the frustration of legislative "micro-management" has prompted U.S. reforms (often with the assumption that legislative "meddling" can be reformed away), Aucoin points to changes in the behavior of Canadian members of Parliament that make traditional public management difficult and prompt management reform efforts: the decline of strong party government and the intensified focus on constituent concerns among members of Parliament, individual members' growing interest in the administration of programs (fueled partly by mass media scrutiny of government operations), and the greater complexity and comprehensiveness of government mandates that invite conflict and lack of goal consensus.

Both groups of reformers also concur in relying on economic theory to diagnose and solve government problems. In a concise, astute overview, Jonathan Boston and his co-authors assess the contributions of public-choice, agency, and transaction-cost theory in addressing the accountability challenges of the New Zealand government, and suggesting ways to alter the incentive structures between Parliament, ministers, and managers in order to enhance responsiveness to public priorities and increase efficiency and effectiveness in achieving public goals. Peter Aucoin also offers an analysis of economic theory's role in the reform effort thus far, focusing on "bureaucracy bashing" as practiced by elected officials concerned about bureaucratic control, and on ways in which economic theory has informed the debate and justified government reform efforts.

In the U.S. reform literature, the casual

rhetoric of the marketplace is the norm ("entrepreneurial" leaders, citizens as "customers" and the importance of "competition" in procuring and developing government goods and services), while the formal logic of principal-agent theory and transaction cost analysis is slowly taking hold as the theoretical framework of choice (Lynn, 1996). For evidence of the intellectual power of public-choice theory in the United States, one need only recall the Carter and Reagan years, when economists trained in public-choice theory initiated regulatory reforms challenging traditional rule enforcement and focusing instead on harnessing market dynamics to correct for regulatory imperfections that serve special interests rather than the public interest (Miller, 1989; Khademian, 1992).

Finally, reformers in the Westminster systems and America find common ground in defining what makes the new public management so "new." Performance should replace process as the focus for accountability, and citizens as "customers" should play a prominent part in defining and assessing high performance; performance-driven, short-term contracting (within the chain of command and between government and the private sector) should take precedence over vertical integration in defining responsibilities and securing the most effective, efficient delivery of goods and services; devolution and flexibility — not rule books and centralized and executive oversight — should shape the job of a manager; and a "transparent" budget process driven by the identification, pursuit, and assessment of performance indicators should replace incremental processes determined by bureaucratic requests and poor legislative information.

Where the Reformers Part Ways

It is the *how* these features of the new public management are operationalized (the precise role public managers should play in the policy process) that separates the American reform effort from that of the Westminster countries. Advocates of the Westminster approach (with slight variations on the theme) accept the premise that policy and operations can be clearly separated and management efforts tightly framed by elected officials. Both Aucoin and Boston and his colleagues reject the

idea of managerial discretion that is entrepreneurial, mixing policy making with management. As Aucoin puts it:

Unfortunately, there is still reliance [in Canada] on the ill-conceived notion that management reform means increased managerial discretion and the empowerment of public servants. The assumption has been that, to achieve better results, public servants must be freed from controls, rules and compliance with procedures. To the extent that Canadian reformers have framed the agenda in terms of discretion and empowerment (even at times implying that "entrepreneurial" public servants should ignore controls and procedures to overcome bureaucracy), it is not surprising that ministers and Members of Parliament have been less than enthusiastic supporters of the new public management. And with good reason: such ideas are contrary to good government (250).

According to Aucoin, this loosey-goosey approach (I am paraphrasing) results primarily from American and Canadian reliance on "North-American private-sector management gurus for its inspiration. In contrast, reformers in the other three Westminster systems, [Britain, New Zealand, and Australia] have done their own thinking. (250).

Their own thinking, in New Zealand's case, has produced what Boston and his colleagues call a reform model that is distinguished by its "conceptual rigor and intellectual coherence" and its strict adherence to the "principles of straight-line accountability and managerial autonomy." Essential to this model is the "clear separation of the responsibilities of ministers and departmental chief executives (CEs): ministers should be responsible for selecting the outcomes they wish to achieve and purchasing their desired outputs; CEs should be responsible for selecting the inputs required to produce the desired outputs with the minimum practicable interference from ministers and central agencies" (4). In other words, managers should practice the flexible, market-driven techniques of the new public management, but they should do so within a tightly defined con-

tract, negotiated with the State Services Commissioner, that adheres to "policy guidelines set by the government" (105). So, for example, CEs may appoint members of the senior executive service within their agencies, set their conditions of employment, monitor their performance, and reward them as they see fit. But they are constrained in this endeavor primarily by the State Services Commission, which oversees appointment and review processes and approves members of the senior executive service in the first place (118).

Aucoin, too, is a firm believer in the principles underlying the New Zealand model, though critical of Canadian reformers' inability to embrace those principles fully. His discussion of devolution illustrates the principles:

The purpose of devolution is not to eliminate controls, procedures and rules, but to reduce them where they hinder good management and do not promote or accommodate best practices in particular settings. Rules and controls are essential to good management. By devolving authority to operational agencies, these essentials do not disappear. They are established, however, by those to whom authority is devolved for the management and delivery of public services and who are thus responsible and accountable to their ministers for meeting the requirements of good public management (251).

Again, government should let managers manage operations, but within a tightly articulated framework that prompts specific types of managerial behaviors desired by the central government.

In both studies, policy is separated from operations, the authors argue, largely through institutional reform. According to Boston and his colleagues, institutional reforms in New Zealand that separate commercial and noncommercial government operations, and that bolster a separate yet growing policy advisory sector, have greatly facilitated performance-based management and improvement in the quality of services (355). Similarly, in a concluding section entitled "Designs for Public Management," Aucoin stresses the importance of structural changes that separate policy and operational functions physically but link them to

ministers for accountability purposes through a contract regime (246-48).

The dialogue advocating the new public management across government sectors in America, on the other hand, is more ambiguous regarding the role to be adopted by managers, and less definite about the significance (or possibility) of institutional reform to facilitate new management. Reform-minded Americans (politicians, citizens, and academics) have also done a great deal of their own thinking, but have not yet reached the consensus apparently fostered by a parliamentary system. While there is a professed interest in establishing a dichotomy as articulated by the Westminster reformers, making managers accountable more directly to policies defined by elected officials (the Government Performance and Results Act of 1993, for example), there is not yet any agreement on the role public managers ought to play in the policy process. This lack of consensus casts doubt on the appropriateness of trying to establish a dichotomy in the first place. This difficulty has been variously identified as the embrace of two conflicting ideas — "letting managers manage" and "making them manage" (Kettl, 1997) and as the "coordination and empowerment conundrum" (Peters and Savoie, 1996). But whether managers are free to manage or made to manage is a deeper concern than a debate over identifying best management practices. It is fundamentally a question of what role we think public managers should play in developing and implementing public policy in a democracy.

In the Westminster systems of New Zealand and Britain, in particular, public managers are supposed to be operators under contract with ministers. Policy and operations are strictly separated (in theory), allowing the public manager to focus on maximizing operational effectiveness to achieve the performance measures defined in the political arena. In America, on the other hand, such clarity is lacking, and reformers seek out roles for the public manager that go far beyond the strict definitions of New Zealand and Britain, in an effort to resolve the lack of clarity. Public managers are presented as facilitators of deliberative processes, creators of public value, and even as educators of the public concerning social problems and their responsibilities as citizens (Reich, 1988;

Moore, 1995). In the absence of agreement on how policy and operations should or could be separated, which questions are political, and under what circumstance management flexibility is to be practiced, the public manager's role remains open to debate.

The dilemma is partly the product of the American political process. The institutionally pluralistic U.S. government often prevents articulation not only of intellectually coherent and rigorous reform ideas, but also of clear policy mandates from the political arena. Disputes between the legislative and executive branches easily spill into the oversight—and eventually the management—of programs. Changing constituent needs (eagerly attended to by members of Congress quite independent of their parties) must be met before a slow-moving, divided government can make legislative changes. The judicial system and 50 separate state experiences provide constant feedback to managers trying to serve dozens of political principals and still achieve efficiency and effectiveness. Managers trying to identify some clarity in their mandates within this context must typically engage in the process that achieves mission definition, the setting of goals, and the building of public support for their programs. The specification of goals and contracts, hailed by Aucoin as key to the transparency and hence accountability that make the New Zealand system thrive, is precisely what is most difficult to achieve in the American system (GAO, 1992). In Canada, according to Aucoin, the unified approach to the new public management is thwarted by a parliament composed of members increasingly driven to serve constituent interests, rather than party, and increasingly interested in exercising management oversight from a variety of committee posts. Thus, it is perhaps not surprising that reform rhetoric in the United States and, to some degree, in Canada (much to Aucoin's dismay) has become manifest in the image of an entrepreneurial manager.

Yet another dimension of the ambiguity of American reform efforts is the high value placed on the characteristics of the private-sector manager. Much more than in Canada, Britain, New Zealand, and Australia where a "career public service" stands as one of the "pillars" of the Westminster sys-

tem, comparisons between the public and private sectors figure prominently in the American management literature, and "public" managers typically take a beating for not behaving more like their private-sector counterparts. While Aucoin complains of North Americans' reliance on private-sector management gurus, the deeper concern might be why American reformers have turned (as some have in Canada) to the gurus in the first place. The private sector has always been prominent in American reform efforts, largely because of the value placed on private-sector behaviors and the un-"pillar"-like place of the civil service in American democracy. The traditional prominence of a career public service in the Westminster systems may facilitate a more cooperative reform effort between elected officials and managers. American politicians, put off by an "unresponsive (public) bureaucracy" and anxious to meet a variety of constituent needs, are more likely to shape reforms without the benefit of civil servants' input (Derthick, 1990).

Both characteristics (an institutionally pluralistic system and the high cultural value placed on private-sector entrepreneurship) also help explain the lack of interest in the accompanying institutional reform emphasized by Aucoin and by Boston and his colleagues. Structural choice entails political choice, and an institutionally divided system rarely finds the coherent muster to make streamlining decisions that tamper with policy niches carved out to special interest specifications (Moe, 1989). Moreover, if managers can make significant changes by leading (setting missions, changing culture, emphasizing quality of service and product) why bother with structural changes?

Are the American Reformers Casting Politics Aside?

Peter Aucoin offers an interesting interpretation of differences between reform efforts emphasizing managerial autonomy, and those emphasizing flexibility within tightly defined parameters. The post-bureaucratic paradigm, he argues, as presented by Michael Barzelay (1992), "envisages public management as a kind of governance that is devoid of power, conflict and competing interests because it assumes that dialogue and deliberations between

citizens and public servants can achieve consensus about 'results citizens value.' Policy conception and its implementation are the domain of public servants acting in concert with citizens in an environment characterized by great uncertainty, complexity and democratization" (172). In contrast, Aucoin argues, the Westminster movement "beyond bureaucracy" is explicit in its "focus on power, conflict and competing interests. It seeks ways to restructure power, resolve conflict and reconcile competing interests by changing the rules." The altered rules give managers the incentive to "manage down the organization" with the articulation of clear objectives in explicit contracts or performance agreements with their political superiors. How managers manage, he argues, is a function of how governments insist they manage. "In effect, management in the public service is bureaucratic [for example] only to the extent that governments insist that it be so" (175). In an interesting twist, Aucoin argues that Barzelay and other American reform scholars are the ones clinging to the politics/administration dichotomy by viewing the manager-led consensus-building process as a political (177-78).

This argument is not entirely convincing. The absence of conflict, power, and competing interests, versus the embrace of all three, may be less important than the question of where the conflict ought to be resolved. If managers are to engage in deliberative processes with citizens to define policy, conflict resolution (and hence politics) is taking place in the management arena, not among elected officials. Whether this is appropriate is another question, but the point is still the American system's ambiguity as to what in fact is a political question, how and where political answers should be reached, and the role of the public manager in that process.

The Comparative Perspective and Questions for Continuing Reform

Both books discussed here provide overviews of complex reform efforts. Boston and his colleagues offer a dense, thorough analysis of what has become the "model" of new management reformers. Its comprehensiveness as both political and a managerial reform is impressive, and its results are even more so. The reform

efforts have been partly credited for a growing economy (4 to 5 percent since 1990) and falling unemployment, a drop in public spending as a proportion of GDP from 40 to 35 percent, and a reduction in expenditure on administrative agencies. Other positive changes include administrative cultures that are gradually embracing strategic planning, performance-based budgeting, and the use of contracts for services and employment. Much less clear, the authors point out, is just how much more effective this approach is in serving the public interest. While the definition of output measures gives managers greater clarity and guidance, the identification of real outcome measures linked to management performance has not yet been achieved by any government entity.

Offering strong praise for reform efforts in New Zealand and Britain, Aucoin concludes his study with lessons for Canadian reformers. He argues that institutional reform that separates policy and operations, contract-based hierarchical relationships, and rigorous performance management systems, have greatly improved accountability "of ministers to Parliament, public servants to ministers, and through them to Parliament...in the other three Westminster systems" (253). Aucoin focuses his criticism on the Canadian reform effort which, despite some progress in performance management, has stalled largely because of poor leadership and the failure to combine structural and managerial changes.

With the fundamental premise of the Westminster systems in a state of limbo within the American reform effort, drawing lessons is a bit complex. The importance of improved communication between the branches of government and public servants (emphasized in both studies), as well as between agencies and citizens, readily transfers to the American experience. As Aucoin notes, performance management is fundamentally a means of enhancing the flow of information between decision makers and managers. But throughout the literature on public management reform, the jury is still out on the significance of structural reform versus the creative efforts of a leader and the desirability of limiting (structurally and normatively) the realm of public management activities to technical operations. Even if the Westminster mantra were accepted by U.S. reformers,

there is little chance of a coherent reform effort similar to that of New Zealand or Great Britain. The studies might be made more relevant to the American reform experience through a deeper focus on the politics of the reform effort—specifically, the politics of expertise.

The New Zealand reforms are found in a Treasury document, complete with theoretical references to the source of poor governance and ways of reforming it (Boston et al., 3-4). This explains much of the intellectual coherence of the New Zealand experience. Hence, the significance of economic theory should not be startling, nor should we be surprised at the Treasury Department's prominence in providing expert policy advice for implementing reforms (125-26). The politics of market liberalism have definitely elevated (or reinforced?) Economic expertise within the state civil service of New Zealand. But such a transformation of academic ideas into public policy could only be the stuff of American academics' dreams. What made economic theory such a powerful vehicle for reform? How and why did these ideas appeal to elected officials? Why was support so easily rallied? The parliamentary system obviously explains some of the consensus-building process, as does the relatively small size of parliamentary members in New Zealand, all of whose members share the same office building. But why economic expertise? The power of the ideas alone? The political clout of those with the expertise?

The expertise question plays out a bit differently in the work of Aucoin, who cat-

egorizes American reform efforts together with the "post modernist assault on expertise" (171). Technical management expertise not only has its place within the Westminster reform model, it is clearly valued. Indeed, the respect for expertise is what makes the civil service a pillar of the Westminster systems. The attempt to separate policy from operations is as much an effort to enhance the political direction of agency activities as to build a protective wall around the expertise of those with the skills to operate agencies. While Aucoin criticizes a reform effort that places greater value on entrepreneurial managers seeking guidance through public deliberation, his criticism illuminates a more fundamental difference between the reform efforts. As he suggests, it is not so much *whether* expertise should have a place in management, but what role we expect public managers to play in the American policy process. This core difference, so essential to the politics of reform and its eventual operationalization, somewhat limits broad comparisons between both experiences, but is also the reason why such comparative efforts should be embraced—particularly to enhance our understanding of the different political contexts faced by practicing managers.

Notes

1. For discussions of the field of public management as distinct from public administration, see Lynn (1996) and Roberts (1995)

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