Models of Public Administration Reform:  
“New Public Management (NPM)”

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Introduction

THIS ARTICLE surveys and compares three well-known “models” of reform in public administration and management with the end in view of developing a framework for analyzing ideas and experiences in particular countries. These models are “reinventing government” (Osborne and Gaebler, 1993), “business process reengineering” (Hammer and Champy, 1993), and the “New Public Management” doctrines of the Organization for Economic Cooperation and Development (OECD) countries (Hood, 1995, 1996; Kickert et al., 1997). After describing and comparing these models, we turn to the problems and issues that they have raised in both practice and theory, with particular attention to those involving the dichotomous treatment of government and the roles of public managers and bureaucracies.

The Models in Comparative Summary

Reinventing Government was written to map out “a radically new way of doing business in the public sector” (Osborne and Gaebler, 1993: xviii). According to the authors, reinvention is a “(r)evolutionary change process” that had happened before in the Progressive and New Deal eras in the U.S. and has been occurring again in local governments and elsewhere. Instead of originating the model, they pieced the ideas embodied in it from the actual practices of those who have dealt with government problems in innovative ways. The model represents a basic, “paradigm shift” from the New Deal paradigm of 1930s to 1960s toward the “entrepreneurial government” model that they now advocate. This consists of ten principles, here listed in the comparative table in the next page. In their own summary:

Most entrepreneurial governments promote competition between service providers. They empower citizens by pushing control out of the bureaucracy, into the community. They measure the performance of their agencies, focusing not on inputs but on outcomes. They are driven by their goals—missions—not by their rules and regulations. They redefine their clients as customers and offer them choices… They prevent problems before they emerge, rather than simply offering services afterward. They put their energies into earning money, not simply spending it. They decentralize authority, embracing participatory management. They prefer market mechanisms to bureaucratic mechanisms. And they focus not simply on providing public services, but on catalyzing all sectors—public, private, and voluntary—into action to solve their community problems (Osborne and Gaebler, 1993: 19-20).

Reengineering or BPR “is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed” (Hammer and Champy, 1993: 32). It represents an effort to turn back the Industrial Revolution and reassemble the tasks and functions taken
apart by the 19th century principles of the division of labor (Hammer, as cited by Fowler, 1997: 36-37). According to Fowler, its many features include the following results of the desired changes:

1. Separate, simple tasks are combined into skilled, multi-functional jobs.
2. The stages in a process are performed in their natural order.
3. Work is performed where it is best done—some parts of the process may thus be out-sourced.
4. The volume of checking and control of separate tasks is reduced.
5. There is total compatibility between processes, the nature of jobs and structure, management methods, and the organization’s values and beliefs.
6. IT is recognized and exploited as offering many opportunities for the redesign of the work systems and the provision of information to enhance devolved decision-making.
7. Processes may have multiple versions to cope with varying circumstances.

Reengineering is thus more inward-looking and gives greater attention to the role of information technology (IT). BPR has been extensively applied in private business, but only to a limited extent in the public sector. However, it shares certain areas of concern with reinvention, as indicated by the following aims:

8. Managerial hierarchies and organizational structures are flattened.
9. Rewards are given for the achievement of results, not simply for activity.
10. Work units (i.e., sections or departments) change from functional units to become process (often “case”) teams.
11. Customers have a single point of contact with the organization.

New Public Management (NPM) is “shorthand for a group of administrative doctrines” in the reform agenda of several OECD countries starting in the 1970s. According to the OECD (Kickert, 1997: 733), “a new paradigm for public management” had emerged, with eight characteristic “trends” (listed below in modified order, to range from internal to external concerns):

1. strengthening steering functions at the center;
2. devolving authority, providing flexibility;
3. ensuring performance, control, accountability;
4. improving the management of human resources;
5. optimizing information technology;
6. developing competition and choice;
7. improving the quality of regulation; and
8. providing responsive service.

The features of the three models are compared in the above table in somewhat modified terms, based partly on the convenient summary comparison of reinvention and BPR supplied by Bouvaird and Hughes (1995). We have arrayed them according to their concern for
changes in the structure and functions of the organization and in the roles of other participants, especially those formally “outside.”

Other authors have stressed other features of NPM. Greater emphasis is given to the role of managers, for example, than is apparently done by Osborne and Gaebler, who seem to believe Deming’s view that managers and workers account for only a small percentage (15 per cent) of problems in organizations, the rest being “system” factors (Osborne and Gaebler, 1993: 159-60). To Hood, the first dimension of NPM is “active control of public organizations by visible top managers wielding discretionary power” (Hood, 1996: 268). “Let managers manage!” is one NPM slogan in some countries (Australia, Sweden) by loosening up constraints on their discretion, but elsewhere it is “Make managers manage!” by forcing them to compete in the market (Kettl, 1997: 447-448).

Another important NPM feature, which seems opposite to the recombining thrust of reengineering, is the “disaggregation” and delineation of public agency units, functions, and roles. In the U.K. Executive or “Next Steps” Agencies have been drawn out of ministries and departments to allow “a clear delineation between... policy formulation and policy implementation” (Kaul, 1997: 17-18; cf. Mountfield, 1997: 71-72). Governments, departments, and Crown agencies in New Zealand have also been distinguished in terms of responsibilities of ministers for outcomes, departmental executives for outputs (and discretion on combining inputs), and other players for service delivery. Commercial and non-commercial functions; advisory, delivery and regulatory functions; and funder, purchaser and provider roles have also been delineated so that they can enter into performance and purchase agreements, and permit or force public and private players to bid for government contracts, including those for giving policy advice (Boston et al., 1996: 2-6; Hood, 1996: 269).

Critical Comments

The models examined here have certain common features and also differences in terms of scope and orientation. BPR is more inward-looking and has private business as its origin and primary area of application. NPM is in many ways a reflection of the reinvention model, but emphasizes certain crucial areas more than the latter does.

Although these models have sought radical departures from existing models and “paradigms,” their exponents say they are not entirely new. BPR has affinities with organization and management (O & M) and “work study” techniques of yesteryears (Fowler, 1997: 37) and with Taylorist methodology (but perhaps it is “post-Fordist” in its objectives?). Certain NPM doctrines remind Hood of the ideas of Woodrow Wilson, Taylor and even cameralist and mandarinate writers. But NPM is different from the “New Public Administration” (NPA) that sought also to depart from Progressive-era doctrines but flowered only briefly during the late 1960s and early 1970s (Hood, 1996: 268; cf. Kaul, 1997).

Business Process Reengineering (BPR)

As we know, these models have been best-sellers, as books, if not in practice. The NPM version has enjoyed far more mainstream applications in Western and other countries than NPA ever did. BPR has had a big track record in private business. Its authors “claim that BPR is the only approach which will secure business success in a world of global competition.” But its popularity may have already peaked (Fowler, 1997: 37; Halachmi, 1995: 336).
BPR explicitly aims to make a big (ten-fold) rather than incremental difference, and to make it soon (within a year). It is definitely against kaizen or the idea of “continuous improvement” that is said to underpin NPM’s “Let managers manage” slogan (Bovaird and Hughes, 1995: 357; Kettle, 1997: 448). Osborne and Gaebler are hazier on how big and how fast reinvention should effect change, as suggested by its qualifier “(r)evolutionary” (Osborne and Gaebler, 1993: 21). But BPR has been criticized as long on the diagnosis of “process dysfunctions” and the results, but “extremely thin on what the process of reengineering itself should consist of” (Fowler, 1997: 38).

Thus, BPR may have misled practitioners. Despite its attention to “soft factors” (e.g., worker empowerment), practitioners have stressed its flattening, downsizing, and cost-cutting thrusts, regardless of employee morale and motivation. Since BPR savings have come mostly from payrolls, unions suspect a “ploy to introduce downsizing through the back door rather than a genuine effort to improve performance” (Halachmi, 1995: 336; Fowler, 1997: 40).

BPR has been called “downright damaging” and, according to an apostate, “a fad that forgets people” (Davenport in Fowler, 1997: 36-37). Hammer himself predicted that two-thirds of business projects (worth US$32 billion) would end in failure (Halachmi, 1995: 336). Project failure rates of as high as 75 per cent have been quoted, and Hammer has expressed concern about its “slash-and-burn” applications (Fowler, 1997: 40).

BPR’s even limited application in the public sector has been viewed as courting failure in its harsh environment. Even procedural changes in this context may threaten the vested interests of “multiple stakeholders.” BPR’s radical stance goes against the plodding, incremental nature of public policy-making. In this “environment of multiple constraints centrally imposed” (Wilson, 1994: 37), the rules that govern agency operations are set by the legislature, the courts, and central staff agencies. Bureaucratic culture, which highly values security of tenure, is another factor that militates against BPR’s uprooting uses (Halachmi, 1995: 337-338).

BPR’s importation into the public sector follows the recurring advice from the private sector for the government to be more “businesslike.” But it probably has inherent limits there, because, as Drucker has said, government is “not a business” and its problem is “not high cost but lack of effectiveness.” Bring businessmen into the government, and overnight they become bureaucrats themselves. Public managers are no less competent, qualified or hardworking than their business counterparts. And intangible government objectives can be translated into measurable targets (Drucker, in Fowler, 1995: 118).

Reinvention and NPM

Osborne and Gaebler likewise believe that “government cannot be run like a business” due to the basic differences between the two sectors. While there are similarities, business theory is not enough in government. They cite, for example, Deming’s Total Quality Management (TQM) model, which covers five of reengineering’s ten principles but takes for granted private sector principles that have to be “reinvented” for government—competition, mission-orientation, and earning entrepreneurship (Osborne and Gaebler, 1993: 21-22).

On the other hand, Osborne and Gaebler claim universal applicability for their model, that “our ten principles underlie success for any institution in today’s world—public, private, or nonprofit” (Osborne and Gaebler, 1993: 21). This is partly because they have been
derived from globally convergent ideas and practices. The same claim to global convergence has been suggested for NPM (Kettl, 1997; Pollitt, 1995: 1). And if Reinventing Government itself has little by way of explicit and coherent theory, NPM, especially as applied in New Zealand, has more to offer, particularly in terms of public choice theory, principal-agent theory, and managerialism (Boston et al., 1996: ch. 2; Scott, Ball and Dale, 1997: 359-360; Bale and Dale, 1998: 103-121).

But claims of universal applicability and global convergence on the part of reinvention and NPM have been severely challenged, and certain old issues pertaining to the relations between politics and administration and the role of civil servants have been raised once again. Wilson suggests that some of reinvention’s principles are tantamount to making government behave like business even where it should not. The Internal Revenue System (IRS) cannot be competitive and regulatory agencies cannot be customer-driven, he argues. Osborne and Gaebler take government for granted and ignore the question: “What should government do?” (Wilson, 1994: 38), which is also begged by Drucker's assertion that government’s problem is often not doing the “right things” (Fowler, 1997: 118). Aside from not providing guidance on which reforms are suitable for which kinds of agencies, Osborne and Gaebler also “offer no strategy by which agencies can be freed from excessive constraints and motivated to be mission-driven” (Wilson, 1994: 40).

Hood attacks the claim of a “global paradigm” as exaggerated on three grounds: (1) reform ideas such as Osborne and Gaebler’s are “culturally plural rather than homogenous,” (2) specific reform packages show wide variations in actual practice, and (3) a stable new paradigm cannot emerge due to contending paradigms and the unintended side-effects and “reverse effects” of reforms (Hood, 1995: 404). The reinventing model combines incompatible worldviews, such as the “hierarchist” worldview of “steering,” individualist competition, and egalitarian bias for collective action through “empowerment” (Hood, 1995: 406-407). A similar point has been raised about the duality of continuity and change conveyed by Osborne and Gaebler (Bovaird and Hughes, 1995: 360-361).³

In practice, convergent, global application is favored by powerful international organizations committed to uniform “best practice” to help “the ‘laggards’ catch up with the vanguard.” But Hood argues that even OECD countries have not followed the NPM doctrines. The European Union bureaucracy has not budged from Progressive-era principles of lifelong careers and legalistic procedures. OECD bureaucracy itself has not adopted the NPM doctrines. Some countries have followed the same norms out of opposing motives, and reactions to past paradigms have not amounted to a new one (Hood, 1995: 408-409).

Countries have varied in their emphasis on NPM, with Japan giving it little. China’s case, according to Hood, is one of a partial return to progressivism (e.g., traditional-style grading and examination) rather than a move away from it (Hood, 1995: 409). A closer, comparative look at recent reforms in China and Japan has turned up familiar NPM themes but suggests that convergence there has been superficial due to the persistent strength of culture-specific structures. These include “a hierarchical structure of relationships which operates both through official positions and personal connections, mainly based on hierarchy.” While the reforms may be viewed as efforts to shift to more instrumental relations “in which efficiency and results are more important than favors,” on closer analysis they turn out to be merely changes in networks and connections of the old kind (Flynn, 1998: 5-9).

One big bone of contention in theory and practice is the reintroduction of politics-administration dichotomy and its many variants, and the appropriate role of senior public
managers in policy-making. Like NPM advocates, the old dichotomy has also found favor among international institutions, especially the World Bank team who found the “insulation” of state bureaucracies from politics as a hallmark of the pre-crisis “East Asian miracle” (WB, 1993). But this has not been a universally accepted formula. Elsewhere, it has been called undemocratic to shelter all but macropolicies and goals to political oversight (Cohn, 1997: 585), and distinctions among politics, policy-making, and service delivery often get blurred in practice, especially since “street-level bureaucracies” can redefine (or define) policies in the implementation process (Hill, 1997).

NPM countries have not commonly adhered to the dichotomy. The Australian government has resisted “agencification,” on the reason that it was “dangerous to separate policy from execution” (Hood, 1995: 409). In China and Japan, the role of the state bureaucracy has been debated. But there has been “very limited departure from the old cadre management system” in China and “the attempt to separate administration from politics was given much less emphasis.” In Japan, a major reform thrust is to give managers more discretion, “take more initiative and accept more responsibility,” but it has also been viewed as too protected and needing more transparency through inspections. Yet actual reform efforts have been hampered by factionalism and an “accumulation of exceptions” (Flynn, 1998: 8, 10-11). Perhaps, the most paradoxical trend is that, despite slogans of managerial discretion and empowerment, senior civil servants in key Western countries have been actually losing crucial ground, with the British being deprived of their traditional share of policy-making (Aberbach and Rockman, 1997).

Conclusion

Enough has been said above to suggest that the models we have surveyed have been very popular and enjoyed a great measure of international (if not universal) appeal. But they have also been debatable, and on closer analysis turn out to be divergent in both practice and theoretical basis. This does not mean that complaints about the deficiencies and defects of government have ceased to inspire new ideas and practical innovations—already, “governance” bids fair to be a new model (Kickert, 1997). But the problems and issues that these models have raised suggest also that we should proceed with caution in adopting intellectual fashions and “best practices.” These should be grounded in contexts and cultures (see Schick, 1998).4

Let me end by noting that in the Philippines, we seem to have been eclectic, at least in our use of labels and buzzwords, using those from BPR, reinvention, and governance liberally in our official and academic discourse. Perhaps, there is nothing inherently wrong in eclecticism, which seems to be a part of politics, academic and otherwise. Yet it may have its pitfalls, as critics have taken pains to show.

ENDNOTES

1 E.g., bidding procedures in Oregon, automated tracking of probationers in New York City, interactive 24-hour public service kiosks in California and Iowa, electronic card transactions for welfare recipients in Minnesota, and voter registration, voting, and ballot-counting in Oklahoma (Halachmi, 1995: 336).
2 BPR’s authors do suggest five roles needed for a successful campaign: (1) a leader to authorize and motivate; (2) “process owners,” managers responsible for each process;
(3) teams to do diagnosis and redesign of each process; (4) a steering committee for policy oversight; and (5) a “reengineering czar” to develop the BPR techniques and tools (“the book,” Fowler notes, “does not explain what these tools and techniques are”) (Fowler, 1995: 38).

3 This refers to a public sector “desperately in need of revolutionary change, yet seething with interesting examples of such innovation.” Osborne and Gaebler attribute this to a split-level world of talk of exciting change at the top and unceasing, diurnal routine at the bottom—which is the burden of middle-managers to mediate.

4 Just one parting quotation from Schick, who reviewed New Zealand’s progress on its government’s innovation and otherwise gives it a high passing mark, on a point of central concern in this paper: “No country should move directly from an informal public sector to one in which managers are accorded enormous discretion to hire and spend as they see fit. New Zealand did not make this leap, and neither should other countries. Before reform New Zealand operated under budgets that controlled spending and corresponded to actual transactions; it had a civil service system that governed how public employees were hired and paid. In other words, it had a formal public sector. This is an essential precondition for adopting elements of the New Zealand civil service” (Schick, 1998: 129).

REFERENCES


MODELS OF PUBLIC ADMINISTRATION REFORM


