

## Chapter 1

# Introduction – Theoretical Approach and Research Questions

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### Introduction

This book studies post-New Public Management (NPM) reforms by contrasting them with the NPM-based public-sector reforms that took place in the 1980s and 1990s. Its empirical focus is on Sweden, Norway, Denmark, Australia and New Zealand. We apply a transformative theoretical approach by focusing on political design, cultural–institutional trajectories and external pressure to understand the processes and effects of the reforms (Christensen and Lægreid 2001a). This approach allows us to make a systematic and definitive assessment of NPM and of the experience and results of post-NPM reforms.

A comparison of NPM and post-NPM reforms and an analysis of the dynamics between the reform waves raises several issues:

- Global trends – diffusion and imitation, and the mechanisms involved
- Changes and variety in reform styles and patterns
- Combinations and re-combinations of both ideas and practice in different countries
- Convergence and divergence – similarities and differences in ideas and practice
- The effects of ‘local’ institutional, political and other factors on the adoption, implementation and outcome of reforms
- Hybrids and transplants in both processes and outcomes
- Paradoxes and unintended consequences of reforms
- Revisions and reversals of specific NPM reforms
- The influence of changes of government

A main aim of our study is to examine what has happened over time. The need to look beyond NPM – what came to be termed ‘transcending New Public Management’ – was identified back in 1998 (Minogue, Polidano and Hulme 1998). The central question being asked is whether NPM is finished (Pollitt 2003b). While some, citing the crises that NPM has experienced, proclaim that it is indeed dead (Dunleavy et al. 2006), we would tend to support Pollitt’s view (2003a) that NPM is by no means over. It has, however, been challenged: new types of reforms have been added to

those already in place, and there have been some reversals, especially when it comes to the disaggregation components of NPM (Dunleavy et al. 2006).

The reforms that were undertaken under the label NPM represented major changes compared with the 'old public administration', and they paved the way for further reforms and transformations in the post-NPM era. Market solutions and market ideology now seem to have become more or less institutionalized within the public sector, albeit without erasing major Weberian features of the old system (see Chapter 11), and a certain amount of re-regulation has taken place in recent years. The trend towards single-purpose organizations, as opposed to a more integrated system, was another feature of the first generation of NPM reforms that became stronger over the years, but recent reforms have modified this by introducing more co-ordination and collaboration across and within political-administrative systems (Christensen and Lægreid 2006c). A third element of NPM was structural devolution, which resulted in the autonomization and agencification of public-sector organizations. However, in recent years this has been countered by a reassertion of the centre and a strengthening of central state capacity (Christensen and Lægreid 2006a).

Closely related to this more empirical observation is an important theoretical point that we will pursue. While much lively research has been done on the factors driving NPM reforms and on the direct effects of these reforms, far fewer studies have addressed the long-term consequences and effects of the reforms. By asking what has happened in the new century we can obtain valuable data for conducting a powerful theoretical analysis of the long-term effects of the organizational reforms. We will cover both general developments in government reforms in Scandinavia and 'down under', and some specific themes, such as regulatory reforms, market solutions and public-private co-operation. Most of the chapters include a comparative component.

The book is mainly inspired by an international research tradition in public administration that is theoretically informed and empirically oriented and that combines political science and organization theory (Christensen and Lægreid 1998b; March 1997). The study is informed more by a governance tradition, attending to political constraints, than by a managerialist tradition (Ingraham 1996). The latter tradition, however, has a prominent role to play in the theories driving the NPM reforms and as such is also relevant. Like certain other researchers in the field, our approach addresses the anomalies, surprises and paradoxes in public management reform (Hesse, Hood and Peters 2003; Hood 2005b). Given that NPM reforms have produced unintended effects, cultural surprises, discontinuities and non-linearities (Hood and Peters 2004), post-NPM reforms must also be understood in this context.

There are three distinctive aspects to this study of the dynamics and changes between NPM and post-NPM reforms. The first is generally theoretical: it outlines, discusses and applies a transformative perspective and also explores the various theoretical components. Its purpose is thus more to develop and illustrate a number of theoretical concepts using comparative empirical examples than to cover a broad range of systematic comparative reform data.

The second aspect is mainly concerned with an elaboration of the content and effects of NPM and their subsequent influence on the development of post-NPM

reforms; in that respect it fills a gap in our knowledge about the reforms. Most reform studies concentrate on process features, such as formal changes or the content of reform programmes, or else focus on effects in broad ways using aggregative statistics. Our approach is more to focus on the co-evolution and inter-dependence of reform experience and practice, and the implications this has for the shape taken by the new reforms.

The third aspect consists of comparative examples from five countries – Australia, New Zealand, Norway, Denmark and Sweden, and sometimes also draws on the experience of other Asian–Pacific states. New Zealand and Australia have been highlighted as countries where extensive NPM reforms have taken place during the last two decades. However, in terms of the ideas, the reform process and the effects, NPM has been quite different in each of these countries, and a similar pattern of divergence is discernible in the post-NPM era. A number of questions are asked: to what extent can the reforms adopted in the last decade be considered to run counter to central NPM features? Are the different countries still marching in the same direction as in recent decades or are they changing their reform paths? What are the similarities and differences between current reforms and past reforms in the different countries?

## Research Questions

The main research questions covered in the book are: first, what are some of the main features of the post-NPM reforms, as experienced in Australia, Denmark, New Zealand, Norway and Sweden? What are some of the main ideas and theories behind these reforms and how do they appear in reform practice? To what degree and in what ways are post-NPM reforms structural reforms, and what is the significance of cultural elements?

Second, what is the dynamic relationship between the NPM reforms as they were adapted nationally up to the end of the 1990s and the second generation or post-NPM reforms that have been launched in the last decade? Are the post-NPM reforms mainly a reaction to negative aspects of the NPM reforms or are they related in more complex and dynamic ways? Is there a parallel process going on, whereby NPM features are elaborated and further evolved into new organizational forms, while at the same time post-NPM elements, like increased centralization, capacity building and co-ordination, are being introduced?

Third, are national reform processes and the two generations of reforms, in both a short- and a long-term perspective, characterized by similarity in general reform patterns, or rather by variety and divergence engendered by national differences in environmental, cultural and political–administrative context? To what degree and in what ways do the two reform waves differ between specific sectors and policy areas? And what about the short- and long-term effects on the balance between political control and institutional autonomy, on effectiveness and efficiency, or on other major areas of interest?

## A Transformative Approach

This book is about administrative reforms in Scandinavia and the Antipodes over the past decade, following the heyday of NPM in the 1990s, with special emphasis on reform of the central civil service apparatus. There are various frameworks in the literature that can be used to classify the second generation of reforms (Ling 2002; Lindquist 2002; Stewart 2002), but there is no overriding theory that captures all the key aspects. There is no single best theory that can explain reform processes and effects in all situations, at all times and everywhere (Pollitt 2004). We do not believe in single-factor explanations and we will therefore examine the second generation of reforms using a combined structural, cultural and myth-based approach (Christensen, Lægreid, Roness and Røvik 2007).

Thus, having recognized the need to blend different perspectives to understand the process of administrative reform across countries and policy areas and over time, we will use a *transformative approach* as the theoretical framework for this book. We argue that the institutional dynamics of reforms can best be interpreted as a complex mixture of environmental pressure, polity features and historical institutional context. These factors define how much leeway political leaders have in making choices about reforms – that is, they both further and hinder reforms, resulting in complex patterns of influence, learning and effects.

The starting point is NPM as a global reform movement that has taken hold over the past two decades. It is inspired by a broad neo-liberal ideology and by a particular set of economic theories and normative values whose main focus is on increasing efficiency. Some of its main characteristics have been increased market orientation, devolution, managerialism and the use of contracts, and it has led to major changes in the public sector in many countries (Boston et al. 1996). However, the process of reform has not been the same everywhere. In some countries there might be a strong element of diffusion of NPM ideas from outside, whereas in others the reform process might be more a result of national or local initiatives that have subsequently acquired a NPM label (Pollitt and Bouckaert 2004). Thus, the spread of NPM, as well as post-NPM reforms, is seen as a complex process, going through different stages and packaged in different ways in different countries, with each country following its own reform trajectory within a broader framework. NPM imposes constraints on reforms of the civil service, meaning that some reforms are more likely than others, and NPM-inspired reforms may potentially open doors for other, similar reforms or for reforms trying to rediscover the good components of the old administrative system. We do not see NPM either as having a specific starting point or as a neat package of reform elements following a specific path or having a specific destination.

One school of thought regards the implementation of NPM, and possibly of post-NPM reforms, primarily as a response to *external pressure*. This environmental determinism (Olsen 1992) can be of two kinds. In the first instance a country may adopt internationally based norms and beliefs about how a civil service system should be organized and run simply because these have become the prevailing doctrine. NPM had its origins in certain Anglo-Saxon countries and international organizations, like the Organization for Economic Co-operation and Development (OECD) where

a kind of reform myth took hold, became ideologically dominant and diffused all over the world (Scott 1995; Czarniawska and Sevón 1996; Meyer and Rowan 1977). This diffusion process implied isomorphic elements – that is, it created pressure for similar reforms and structural changes in many countries (DiMaggio and Powell 1991). Isomorphism can be seen as a deterministic, natural process engendered by common dominating norms and values. In the second instance, NPM may really be seen as the optimal solution to widespread technical problems – that is, it is adopted to solve problems created by a lack of instrumental performance or by economic competition and market pressure. In this instance NPM reforms are adopted not because of their ideological hegemony but because of their technical efficiency.

Myths and diffusion are, of course, not only associated with NPM reforms, but also with post-NPM reforms. The counter-myths that have drummed up support for a new generation of reforms have attended to the negative aspects of NPM, claiming that NPM is destroying the welfare state and benefiting the few, undermining political control, creating mistrust, reducing legitimacy and producing ambiguity and less transparency, not to mention symbols connected to external threats like terrorism, pandemics and tsunamis. The images associated with the ‘whole-of-government’ (WOG) or ‘joined-up government’ (JUG) initiatives that have characterized post-NPM reforms readily bring to mind the idea of repairing and putting back together something that is broken, has fallen apart or become fragmented. In this sense their benefits are taken for granted and very few actors would dispute the advantages of an integrated governmental apparatus or of taking anything other than a wide and collaborative view.

Another view holds that reforms are primarily a product of the *national historical-institutional context*. Different countries have different historical-cultural traditions and their reforms are ‘path dependent’, meaning that national reforms have unique features (Selznick 1957; Krasner 1988; March and Olsen 1989). The reform roads taken reflect the main features of national institutional processes, where institutional ‘roots’ determine the path followed in a gradual adaptation to internal and external pressure. This view stresses institutional autonomy and internal dynamics. The greater the consistency between the values underlying the reforms and the values on which the existing administrative system is based, the more likely the reforms are to be successful (Brunsson and Olsen 1993). When public organizations are exposed to reform processes, the reforms proposed must, according to a cultural perspective, go through a cultural compatibility test. Here the institutional leadership may have a double role in reforms. On the one hand, it will have to ‘administer the necessities of history’ (March 1994), meaning being sensitive to cultural traditions and guarding historical paths. On the other hand, it will also be assigned the task of gradually changing cultural traditions in order to adapt to a new and changed environment and context. This endeavour may involve socialization, training, and manipulation of symbols aimed at changing the attitudes of the organization’s members.

NPM as a reform wave has been rather compatible with the traditional culture in Anglo-American countries, which was why reforms fell on more fertile ground there, while many other countries like some Continental European and Scandinavian countries were more reluctant reformers because of less cultural compatibility. As post-NPM reforms emerge, the interesting question arises of whether the new reforms

have a path-dependency related to the old administrative system or to NPM. Some studies construe post-NPM reforms as a return to the cultural norms and values of the traditional Weberian and centralized system, while others emphasize that NPM has created a new trajectory that makes it difficult to return to the ‘good old days’ – that is, NPM has a constraining effect on post-NPM reforms (Christensen and Lægreid 2006c). There is also a co-evolution between administrative reform and administrative culture. In the first instance, the domestic administrative culture may constrain the reform processes, whereas in the second instance the reforms may strike back and change the administrative culture. It is also important to analyse whether some countries have consciously redesigned cultural features as a part of post-NPM reforms, paying less attention to other reform features.

A third view emphasizes that different countries have different *constitutional features and political-administrative structures* and that these factors go some way to explaining how they handle national problems and reform processes (Weaver and Rockman 1993; Olsen and Peters 1996). The main features of the polity, the form of government and the formal structure of decision-making within the political-administrative system may all affect a country’s capacity to realize administrative reforms. From a structural or instrumental point of view, the reforms may generally be seen as conscious organizational design or reorganization (see Egeberg 2003). This perspective is based on the assumption that political and administrative leaders use the structural design of public entities as instruments to fulfil public goals. Major preconditions for this are that the leaders have a relatively large degree of control over change or reform processes and that they score high on rational calculation or means-end thinking (Dahl and Lindblom 1953). There are two major versions of the instrumental perspective – a hierarchical one and a negotiational one – with the former attending to an unambiguous command structure and clear goals, while the latter focuses on heterogeneity and conflict between different interests (Allison 1971; March and Olsen 1983).

Attempts to explain the development of NPM based on these factors often focus on the strength of the political-administrative leadership and the homogeneity of Anglo-Saxon systems, while less favourable political power structures and negotiation processes are more evident in explaining reform features in Scandinavian countries (Christensen and Lægreid 2001b). Will this distinction also explain national differences in post-NPM reforms? Will trailblazing NPM countries find it easier to turn around and impose centralizing and co-ordinative reforms, or will such features explain why post-NPM reforms have not been more extreme – that is, because the main power structures and negotiation features have not changed very much. And will Scandinavian countries, having been hesitant to implement NPM reforms for some time, now continue longer down that path than the trailblazers, simply because they have finally committed themselves to doing so? Or will they in fact find it easier to turn around because the NPM measures implemented have not yet become entrenched and are thus more easily abandoned in favour of post-NPM reforms?

Within the constraints spelled out by the components of the transformative perspective, political leaders have varying amounts of leeway to launch and implement NPM and post-NPM reforms via administrative design and an active administration policy. Their identities, resources and capacity for rational calculation



and political control (Dahl and Lindblom 1953; March and Olsen 1995) are to a great extent constrained by environmental, historical–institutional and polity features. Thus, adaptation to external pressure is not only about environmental determinism but may also have intentional elements connected to the actions of the political–administrative leadership, professional groups or consulting firms that ‘certify’ certain ‘prescriptions’ or reforms, or represent systematic ‘double-talk’ or ‘hypocrisy’ (Brunsson 1989). Conscious national handling of internationally inspired reforms can, however, also lead to the imitation of only selected reform elements instead of whole reform packages (often labeled ‘institutional standards’ within organizational fields) and as such create variation between countries (Røvik 1996). Furthermore, political ability to control reform processes can be affected by polity and structural factors enhancing capacity and attention for political leadership or hindered by negotiation processes or by a lack of compatibility with historical–institutional norms (Brunsson and Olsen 1993, 5–6; Christensen and Peters 1999, 8–9; Christensen 2003). Such conditions will probably also make political–administrative systems more vulnerable to pressure for reform from the environment.

This book looks primarily at the dynamic relationship between the reform features described in the three views stated and asks how much political leeway they offer. International reform trends like NPM and post-NPM have global potential, but they can also be transformed in the diffusion process when they encounter national contexts, so that they are not only seen as myths without behavioural consequences (Meyer and Rowan 1977; Røvik 1998). While nationally based reforms have unique features, they are also influenced by international trends. The main reform ideas, solutions, methods of implementation and practice, or effects coming from outside, change when they encounter different political–administrative and historical–cultural contexts. Such transformation may reflect a lack of compatibility between reform content and national institutional norms and values (Brunsson and Olsen 1993, 5–6). A kind of ‘editing’ of reform ideas takes place as they are put into operation and come face to face with existing national ideas and practice (Røvik 1996; Sahlin-Andersson 1996) or else a reform ‘virus’ manages to penetrate a country’s administration only after a certain period of time (March and Olsen 1983; Røvik 1998).

Thus, the transformative perspective is not only about combining and blending different perspectives but also about *translation*: co-evolution, dynamic interplay and processes of mutual dependency between reforms, structural features, culture and environmental pressure. If we regard administrative reform purely as a meeting between external pressure and national constraints and strategies, we lose sight of important aspects of the process. The reforms are constrained by structural, cultural and environmental features but the reforms can also strike back and change such features. Thus, reforming the public administration is a twofold process where it is important to stress the dubiety of making a clear distinction between reforms and their determinants (cf Jacobsson, Lægreid and Pedersen 2004). The reforms are at one and the same time both a product of cultural, structural and environmental features and a cause of change in those features. Translation transforms both what is translated and those who translate. National administrations have the potential to transform reform ideas in widely different ways. Some of these translations may be regarded as strategic adaptations (Oliver 1991), others as determined by the situation

or the process, while still others may be seen as an expression of how robust existing administrations are. The translation of post-NPM reforms is subjected to different approaches in different countries and policy areas. This book addresses how these different forms of translation appear in practice.

Summing up, a transformative approach can be formulated in three different variants. First, we can start with international doctrines, ideas and reform movements and focus on how they are filtered, modified, translated and interpreted by two national processes: domestic political-administrative culture and instrumental choices made by political and managerial executives (Christensen and Lægreid 2001b). Second, we can focus on administrative reforms as a complex interaction between different features. Starting with design and conscious reforms, one can examine how they are transformed when they encounter cultural constraints and external pressure (Christensen 1994; Roness 1997; Christensen and Lægreid 2002). Third, one can take cultural features as a starting point and examine how the conditions emphasized within the other perspectives (instrumental design and external pressure) are translated and filtered within established norms and rules (Lægreid 1989; Roness 1997). In this book we will mainly use the first variant, but the other two are also applied to a more limited extent.

### **New Public Management and Beyond – Divergence or Convergence, or Both?**

We will see what has happened over time by focusing on generations of reform, for the reforms that were undertaken under the label NPM paved the way for further reforms and transformations. The first generation of NPM reforms, which started about twenty years ago, was based on a general ideology or set of ideas drawn from a combination of newer institutional economic theory and management theory (Boston et al. 1996). A central feature of this ideology was its prescription of a new public-sector focus on efficiency, structural devolution, disaggregation, competition, management principles and increased use of contracts (Self 2000). NPM was, however, something of a hybrid, advocating both decentralization (let the managers manage) and centralization (make the managers manage). NPM is thus a doubled-edged sword which prescribes both more autonomy and more central control at the same time (Aucoin 1990; Hood 1991; Christensen and Lægreid 2001c). In practice a main trend has been towards increased horizontal and vertical specialization, resulting in a more fragmented public sector.

As the development of the NPM reforms showed, however, these main ideas were implemented to different degrees, at different paces, and with differing emphases on the various elements of the reform package in different countries and sectors (Wright 1994; Pollitt and Bouckaert 2004). Some researchers focus on ‘hard NPM’ by addressing accounting, auditing, and performance measurement. Others emphasize ‘soft NPM’, which is based on human factors, user-orientation, quality improvement and individual development (Ferlie and Geraghty 2005). A general finding is that the degree of variation between countries and also between policy areas increases when we move away from the world of ideas, talk, and policy programmes and look



at specific decisions, and even more so when we consider the implementation and impact of the reforms (Pollitt 2001).

The main reasons for this variation can be explained in terms of the transformative approach (Christensen and Lægveid 2001b). In Anglo-Saxon countries with a Westminster-style parliamentary system, NPM reforms fell on fertile ground and were therefore far-reaching and implemented early. This was due, on the one hand, to strong external economic and institutional pressure and, on the other, to few constitutional and administrative obstacles, a compatible culture and parliamentary conditions that favoured a radical strategy and reform entrepreneurs (Pollitt and Bouckaert 2004). By contrast, the Scandinavian countries were reluctant to implement reforms. Environmental pressure was weaker, their *Rechtsstaat* culture and strong egalitarian norms were less compatible with the values of NPM, there were more obvious constitutional obstacles, and parliamentary conditions, often characterized by minority coalition governments, made a radical reform strategy difficult to pursue (Christensen 2003).

A main finding in the research in this area is that administrative reforms have not taken place along a single dimension. In practice we face mixed models and increased complexity. It is fair to say that NPM is still very much alive in many countries, and NPM reforms are normally not replaced by new reforms but rather revised or supplemented by post-NPM reforms (Pollitt 2003a). The pace and comprehensiveness of these trends varies significantly from one country to another and from one policy area to another, and reform activities embrace a wide spectrum (see Wright 1994). Even though NPM in certain ways has been a success, it is too early to conclude that the old public administration model is unsustainable. It has considerable capacity to adapt and is both robust and flexible, even after a long period of NPM reforms and emerging post-NPM reforms.

There is no consistent movement towards a new isomorphic model of civil service systems. Most governments still share some main elements of the traditional system of public administration. However, some strong common trends towards modernizing public services are emerging across groups of countries. One of these is a reduction in the differences between the public and private sectors (Pollitt and Bouckaert 2004). Nevertheless, the story is not only one of convergence, meaning that all countries are moving in the same direction. Neither, however, is it a story only of divergence, whereby all countries follow their own trajectories constrained by their specific context, legacy and tradition. Instead, what we are seeing is a complex mixture of robustness and flexibility and of reform paths that can hardly be explained by using a single-perspective approach.

Variations in reform practice from one country to another are the rule rather than the exception. Different countries and governments face different contexts, risks and problems and start out with different values and norms. In other words, they have different starting points, are at different stages of reform and face different external and internal constraints (Wright 1994). What we might see is two trajectories (Pollitt and Bouckaert 2004): one represented by civil services that have been modernized within state traditions and are therefore rather closed and resistant to external pressure; the other by civil services that are more vulnerable to external pressure and more open to new management concepts. The first instance is typical for the

Scandinavian welfare state; the second characterizes Australia and New Zealand. In the first case the reform process is more hesitant and does not involve major shifts. In the second case we saw more radical changes in the first wave of reforms, but the pendulum is also swinging further in the other direction in the second generation of reforms. Traditionally, centrally controlled bureaucracies have proven more enduring in countries where a strong and all-embracing concept of the state is an important part of the national culture (Lægreid and Wise 2007).

Typical of the NPM reforms was that the formal structural system changed from an integrated to a fragmented one (Christensen and Lægreid 2001c). The formal levers of steering were weakened, the distance to the agencies grew, political signals became weaker and horizontal specialization increased according to different principles. As we will show, the second generation of reforms implies that formal structural instruments are still important in shaping regulatory behaviour and changing regulatory processes, but they are supplemented by informal or cultural measures. The second generation of reforms uses formal structures to regain control or modify the loss of political influence by making them more centralized, complex and varied.

Formal structural instruments are used to modify devolution and vertical specialization, but also horizontal fragmentation and specialization, especially in Australia and New Zealand. Vertical control and levers of control are increasingly being applied through new laws and reorganizations, while a 'whole-of-government' or reconstituted state approach uses new co-ordination instruments and cross-sector programmes and projects to modify horizontal fragmentation (Gregory 2003).

The spread and diffusion of agency or regulatory agency forms across countries in the first wave of reforms may be seen as an institutional standard, script or prescription with symbolic value (Sahlin-Andersson 2001). This applies just as much to the second generation of modern reforms, where the fashion is now for 'whole-of-government' or 'joined-up government' models that foster more co-ordination and control. Gregory (2006) emphasizes that this development in New Zealand is more about symbols than about reality and does not really constitute a clean break with NPM.

This book addresses public-sector reforms beyond NPM and examines characteristics of this second generation of reforms. We discuss the challenges of fragmentation, co-ordination, and 'whole-of-government' initiatives in the aftermath of the NPM movement and its focus on agencification, and we ask what new forms of regulation, control and auditing have emerged. In doing this our aim is to contribute to the scholarly debate on the reregulation that has followed autonomization. We examine the complex issue of simultaneous deregulation and reregulation – for while deregulation continues to constitute an important component in regulatory reforms, reregulation is introducing new forms of control and supervision (Christensen and Lægreid 2006a; Lægreid, Roness and Rubecksen 2006c). We ask what these new forms of control are.

## Some Main Trends in the Second Generation of Reforms

In the second generation of modern public-sector reforms – those following two decades of NPM reforms – there has been a change of emphasis away from structural devolution, disaggregation, and single-purpose organizations and towards a whole-of-government (WOG) approach (Christensen and Lægreid 2006c). This trend is most evident in Australia and New Zealand, once seen as the trailblazers of NPM, but it is also occurring in other countries more reluctant to implement NPM.

One pertinent issue is whether this development is really new, since it raises the old question of co-ordination, and indeed, elements of it have been observable in the UK and Canada for some time. Nevertheless, it would probably be correct to say that the approach has been revitalized and become more comprehensive (Halligan 2005a, 29). Another issue is whether the WOG approach should be seen as breaking with the past – that is, transforming the main features of NPM – or whether it should instead be construed as re-balancing the NPM system without changing it in any fundamental way (Christensen and Yesilkagit 2006; Gregory 2006; Halligan 2006).

In contrast to the NPM reforms, which were dominated by the logic of economics, a second generation of reforms, initially labelled ‘joined-up government’ and later known as ‘whole-of-government’, was launched. This approach sought to apply a more holistic strategy, using insights from the other social sciences, rather than just economics (Bogdanor 2005). These new reform efforts can in some ways be seen as a combination of path-dependency and negative feedback in the most radical NPM countries such as the UK, New Zealand and Australia (Perry 6 2005). As a response to the increased fragmentation caused by previous reform programmes, these countries adopted co-ordination and integration strategies. The slogan ‘whole-of-government’ provided new labels for the old doctrine of co-ordination in the study of public administration (Hood 2005a). Adding to the issue of co-ordination, the problem of integration was a main concern behind these reform initiatives (Mulgan 2005). While the terms are new, they represent old problems. Attempts to co-ordinate government policy-making and service delivery across organizational boundaries are not a new phenomenon (Richards and Kavanagh 2000; Ling 2002).

The phrase ‘whole-of-government’ denotes the aspiration to achieve horizontal and vertical co-ordination in order to eliminate situations in which different policies undermine each other, to make better use of scarce resources, to create synergies by bringing together different stakeholders in a particular policy area and to offer citizens seamless rather than fragmented access to services (Pollitt 2003b). WOG activities may span any or all levels of government and also involve groups outside government. It is about joining up at the top, but also about joining up at the base, enhancing local level integration and involving public–private partnerships.

There are many different reasons or motives for the emergence of WOG – a movement driven by both external and internal forces. First, it can be seen as a reaction to the ‘silozation’ or ‘pillarization’ of the public sector that seems to have been typical of the NPM reforms (Pollitt 2003a; Gregory 2006). The principle of ‘single-purpose organization’, with many specialized and non-overlapping roles and functions, may have produced too much fragmentation, self-centred authorities and

lack of co-operation and co-ordination, hence hampering effectiveness and efficiency (New Zealand Government 2002; Boston and Eichbaum 2005, 21).

Second, structural devolution, which was carried out over a long period of time in many countries and which entailed transferring authority from the central political-administrative level to regulatory agencies, service-producing agencies or state-owned companies, may have produced disadvantages of other kinds (Christensen and Lægheid 2001c). The effect has been to deprive particularly the political but also the administrative leadership of levers of control and of influence and information, raising questions of accountability and capacity. WOG measures, particularly those involving a reassertion of the centre, reflect the paradox that political executives are more frequently blamed when things go wrong, even though they actually sought to avoid blame through devolution (Hood and Rothstein 2001; Hood 2002). Not surprisingly, they consider that being criticized and embarrassed politically while at the same time being deprived of influence and information is a bad combination (see Brunsson 1989).

The increased vertical specialization of the NPM reforms has in the second generation of reforms been countered by various measures representing a reassertion of the centre or reregulation (Christensen and Lægheid 2006b). A reassertion of the centre is most characteristic in the trailblazing NPM countries New Zealand and Australia. Co-ordination and coherence are being sought in public policy, and a more strategic government is being presented as a response to decentralization (Peters 2005). This development is partly due to concerns over fragmentation, undermining of political control and co-ordination and capacity problems that emerged from the first generation of NPM reforms (see Christensen and Lægheid 2001c). It includes the strengthening of central political and administrative capacity, the establishment of more scrutiny instruments and regulatory agencies, subjecting agencies to more control, and so on. The former increase in horizontal specialization, which attended to non-overlapping roles and tasks, is now increasingly being countered by inter-sectoral programmes and projects and by networks and collaboration across institutions and functions that may increase the overall co-ordination of the system. A WOG approach is now deemed more appropriate than praising specialization and unambiguous roles, reflecting a reaction to the 'siloization' or 'pillarization' of the public sector that was typical of NPM. What we are seeing is a re-balancing or adjustment of the basic NPM model in a more centralized direction without any fundamental change.

Administrative reforms at the central level have generally neglected co-operation across sectors. Major reform measures, such as performance management, performance auditing, monitoring and control have first and foremost been directed towards the vertical, sector-based dimension in public administration. Other reform measures, such as structural devolution through the formation of state-owned companies and semi-autonomous regulatory agencies, have, however, enhanced fragmentation and challenged vertical co-ordination. As a result of these movements, horizontal co-ordination between sectors has become more difficult at the central level. One consequence is that it is difficult to establish cross-ministerial co-operation in policy areas (Fimreite and Lægheid 2005). One answer to this development is to put greater emphasis on the collective goals of the

government, to rebuild the capacity of central government and to give stronger central political signals.

It has increasingly been realized that many societal problems, such as poverty and environment protection, are typically cross-sectoral and cannot be solved solely in one specialized public organization. Thus, there was clear evidence of the limits of the previous reform agenda (Mulgan 2005). NPM has been good at putting the emphasis on efficiency, but has fragmented the capacity of government to address ‘wicked problems’ (Aucoin 2002). The first generation of reforms has worked against an integrated approach by limiting the capacity for co-ordination and collaboration, especially at the central level (Weller et al. 1997; Richards and Kavanagh 2000). Increased co-ordination is seen as resulting from devolution problems, agency specific goals and a vertical focus in agencies and other sectoral authorities.

In summary we may say that the central government apparatus is characterized by problems of inter-sectoral and inter-ministerial co-ordination. Executives tend to focus on their own sectors, thus contributing to horizontal fragmentation between policy areas. Many Western countries are dominated by strongly specialized ministries, partly as a result of the ministerial responsibility principle. Performance management systems, ministerial responsibility and a potentially clearer division between the different roles of the government strengthen this characteristic of the central administration, leading to increased vertical administrative co-ordination within each ministerial sphere. But at the same time, this co-ordination is weakened through the transfer of functions to state-owned companies, government enterprises and semi-autonomous agencies. Whether political co-ordination both within and between sectors is actually strengthened is an open question. The political focus on specific areas of responsibility is strong, and consequently the challenges of co-ordination across ministerial areas are considerable, also at the political level. The administrative reforms are propelled within individual sectors by strong sectoral ministers. In a period when problems increasingly traverse ministerial boundaries, this contributes to problems of horizontal co-ordination and triggers the need for WOG initiatives.

### **Some Thoughts on Comparative Design**

Our main set of dependent variables is decision-making behaviour connected to reform processes and reform effects, aggregated on a national level, so we are able to characterize what is typical in a country at different stages of its reform development – that is, in our case the NPM and post-NPM phases. As indicators of decision-making behaviour we focus on a number of different factors involved in defining problems and solutions (March and Olsen 1976), like goals, intentions, motivations, and so on (cf. Chapters 4, 5 and 6 in this book) but also the end result of reform processes, such as descriptions of the structures decided on (cf. the chapters mentioned above and also Chapters 7 and 9). We also focus on the decision-making structure, or what might be termed the dynamics between different actors, and how these are coupled to the definition of problems and solutions. On the effect side we focus primarily on the effects on patterns of influence between different actors, often on the balance

between political control and institutional/professional autonomy (cf. Chapters 2, 3 and 6). We also try to establish to what extent and in what way the first generation of reforms is feeding into the second one, in other words, what implications the effects of NPM may have for process features in the post-NPM reforms. Thus, effect features in one reform may influence process features in the next.

Our transformative approach, with its three main perspectives or components, defines the independent variables in the analyses. One set encompasses the environmental variables, divided into technical and institutional variables; the second embraces cultural variables; and the third, polity or structural variables (Christensen and Lægread 2001a). Each of these sets may, however, be divided into several single variables, yielding a potentially highly complex picture. Even though some of the chapters specify some of these sub-sets, we treat these sets in a rather general way, to avoid getting involved in a level of complexity that is difficult to handle. For this reason some national nuances will be lost, but the focus is in any case more on overall national features.

Overall, we seek to compare three Scandinavian countries – Denmark, Norway and Sweden – with Australia and New Zealand, while one chapter also widens the comparison to include some South-East Asian countries. The focus is on the comparative dynamics of two reform waves. We do not have a systematic comparative design, in the sense of conducting systematic analyses of all the countries with regard to all the relevant independent and dependent variables. Rather, we use a number of examples, comparing some of the countries on some of the variables, and a few chapters are even primarily focused on one country but with comparative illustrations.

But what is the underlying comparative design for our main comparison between the Scandinavian countries and Australia and New Zealand? Viewed from a long-term perspective – that is, taking the national features of the two sets of countries in 1970 as our starting point – one could argue that a most-similar-system strategy (Lijphart 1971; Frendreis 1983) is appropriate, since the countries concerned were initially similar on many independent variables but after some time differed on the central dependent variables. When they started out they all had similar welfare states and collective features, strong social democratic parties, similar administrative systems and technical pressure to increase the efficiency and legitimacy of the public sector. Yet when the reforms began in the 1980s, they went different ways. Thus, the differences in independent variables, like the party system, certain cultural aspects, institutional environment, and so on, might be used to explain the subsequent differences between the two groups. Another possible approach might be a most-different-system design, based on the increasing convergence of these countries that took place in the 1990s, when the Scandinavian countries gradually began to warm more to NPM. One would then look for similar independent variables to explain why this happened.

In line with the approach taken by Frendreis (1983), we will, however, use a more mixed system research strategy – a strategy that combines the two outlined above. We believe this is appropriate because the countries/systems/cases will vary along both independent and dependent variables, thereby allowing for a variety of comparisons to be made (Christensen and Peters 1999). Our analyses are a



combination of synchronic and diachronic analyses, since we are interested both in certain characteristics of the countries at certain points in time – for example, during the peak of the NPM reforms or during the current post-NPM reforms – but also in comparing the dynamic development over time in each group of countries or in single countries.

As pointed out, several chapters in the book make general comparisons between the Scandinavian countries and Australia and New Zealand, covering both process and effect, and draw distinctions between NPM and post-NPM features. Other chapters, though, while still in a comparative mode (cf. Chapters 7, 8, 9 and 10), argue that NPM is becoming more elaborate rather than being modified.

Each of the chapters either takes an overall national view or examines reforms in certain sectors. These include telecommunications, immigration, central banking and health care. A sub-question related to the sectoral studies is the political saliency question – that is, is it of importance for reform development and institutional structure whether the area at issue is politically salient? According to Christensen, Lægreid and Norman in their chapter on immigration, political saliency leads either to increased structural centralization or to other control measures, while Marcussen's chapter on the development of central banking shows that the increasing independence of central banks is coupled to a definition of this activity as highly scientific and as something that politicians should stay away from. In his chapter on telecommunications, Painter shows that comprehensive technological change is a major driving force behind the de-monopolization and marketization processes.

## Conclusion

The main ideas of NPM were focused on economy and efficiency, and the organizational changes made were efficiency-motivated. This refocused the public apparatus, but also conflicted with political-administrative systems traditionally characterized by multiple goals and means, where economic aspects were only one of many considerations (Egeberg 1997). Contrary to many other studies of NPM, but in line with our study of such reforms in the 1990s (Christensen and Lægreid 2001a), we are primarily preoccupied with the effects and implications of NPM for political democracy. More specifically we analyse the consequences of NPM for political control at the central level, for the roles and role relationships of political and administrative leaders, and for the relationship between levels and institutions of governance. One conclusion is that central political control has been undermined by NPM, but in different ways and to a different extent in different parts of the administration, and more for the non-core than the core civil service (Boston et al. 1996). The commercial aspects of public activity became more prominent under NPM while traditional political considerations tended to be pushed aside. Administrative leaders often both initiate and stand to benefit from the reforms, as do the directors of state-owned companies and comparable units. The countries studied differ both in the extent to which NPM has undermined political control and in their efforts to reassert central control in the second generation of reforms.

The practical extent to which the post-NPM reforms will increase political control, strengthen traditional values of fairness and impartiality, enhance credibility and reduce political opportunism remains to be seen. One hypothesis is that norms of fairness, equity, predictability and impartiality will remain in tension with demands for greater flexibility and managerial discretion. The challenge of finding a sustainable balance between centralization and decentralization, between political control and agency autonomy, and between co-ordination and specialization is a never-ending story, for we are dealing with multi-functional systems which have to balance partly conflicting norms and values that vary across political–institutional contexts and over time. Here, we should bear in mind that the fundamental purpose of public service is government, not management (OECD 2005). This means that it is essential to address values that maintain and strengthen confidence and trust in public-sector organizations, such as social cohesion.