

**Re-thinking Approaches to Government Reforms**  
**OPI-Magdalen College Seminar Series:**  
**Michaelmas Term 1999 Week Three**

**The New Public Management: Improving Research and Policy Argument**  
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*Academic research into new public management (NPM) has been limited by a failure to: (i) delimit the policy domains in which change occurs; (ii) exploit narrative methodology; and (iii) utilise comparative analysis. These limitations can be overcome. Research into some NPM-type reforms can be improved by focusing on changes in public management policy. These are decisions that alter government-wide institutional rules and organisational routines affecting expenditure planning and financial management, civil service and labour relations, procurement, organisation and methods, and audit and evaluation. By exploiting narrative methodology and identifying the effects of generic mechanisms of policy change, the role of policy entrepreneurs, ideas, and institutional structures in bringing about changes in public management policies can be identified. This provides a basis for focusing on the policy process rather than only on the drivers of the reform agenda. The methodologies of comparative analysis can be utilised to develop limited historical generalisations about change and variety in public management policy. Such generalisations, along with the analysis of the change process in particular cases, can be used to inform the planning of policy interventions in the public management policy domain.*

**Problems with NPM research**

One of the attractions of the New Public Management (NPM) is that it appeals to academics and practitioners across a number of disciplines, including accounting and control, management, political science, economics, public administration and public management. Most would agree that public management concerns government-wide policies that influence the effectiveness of government structures to create public value. The public management domain incorporates financial management and the process of planning expenditure; civil service and labour relations; and procurement. It is concerned with the organisation and managerial methods, and requires audit and evaluation of performance in those areas. The NPM agenda promotes four main ideas. Managers should be allowed to manage costs without political interference, within an agreed budget; there should be scope for managers to innovate; performance should exceed customer expectation; and competition should be introduced. Nevertheless, whilst the implementation of NPM in three countries - New Zealand, Australia and the United Kingdom - is well-documented, there is some disagreement as to the distinctiveness of the NPM idea itself.

As an academic idea, NPM has provided good and bad news. There has been increased interest in NPM in recent years and some good (albeit fragmented) work has been produced. It has potential as a discipline. However, good individual pieces of research do not together make a literature. Deficiencies in the NPM discipline remain. The breadth of the NPM agenda makes study difficult beyond the superficial level. Researchers who consider NPM to be a doctrine, or an administrative philosophy, have put their effort into explaining ideas and why they were taken up, rather than into an analysis of those ideas. NPM has been seen as a pan-national trend. A case-study approach to NPM analysis, which seeks to explain historical outcomes, might be more illuminating than 'trend-spotting' that simply identifies the driving forces of reform. Furthermore, the conception of NPM as a 'megatrend', part style, part doctrine, multiplied by three case

studies from the English-speaking world, deters countries from continental Europe and elsewhere from adopting it.

### **A policy approach to NPM research**

One of the major deficiencies of NPM scholarship is the lack of differentiation between descriptive and explanative research, on the one hand, and arguments about doctrine, policy, and practice, on the other. More specifically, current research into NPM is limited in three ways. First, the structure of the policy domain is not mapped. Second, explanations of process are not featured. Third, the comparative method is not exploited. The literature does not cross-refer, except superficially, and most researchers prefer to establish expertise in the study of one country.

One approach to redress these limitations is to regard NPM as the implementation of policies related to the organisation and management of the public sector. What would be such a policy approach to NPM? The key steps are as follows:

1. Characterise NPM as policies and policy-making.
2. Differentiate among policy sectors.
3. Analyse policies.
4. Research the policy-making process.
5. Offer a framework for public entrepreneurship.

The policy process in public management has been outlined by John Kingdon.<sup>1</sup> It has three stages. A pre-decisional phase comprises two processes: agenda-setting and the specification of alternatives. Thinking in policy areas and political considerations are fed into the stream of problems. Where these meet, decisions change. This is stage two: the decisional phase.

### **'Benchmarking' NPM**

The quality of NPM scholarship would be improved still further by combining this policy approach with comparative research methodologies. One way of doing this would be to collapse the experience of the three countries in which NPM has already been implemented, namely, New Zealand, Australia and the UK into one 'benchmark scenario' with especial attention being given to the process of policy formulation, instead of policy implementation. The following features are likely to emerge: a progressive reduction in the congestion of the decision agenda; inefficiency becoming the primary issue; public management being seen as something beyond traditional public sector boundaries; competition between agents for jurisdiction being resolved, and the jurisdictions of the central finance agencies being expanded. The construction of such a benchmark case might enable researchers, through comparative analysis, to understand, interpret and compare the implications of changes in public management in other countries.

However, comparative analysis alone may not be sufficient to improve the quality of NPM of research. Much research tends to concentrate on comparative statics, explaining the results of reforms without reference to the ongoing political situation in the country concerned and without due regard for the evolution of reforms over time. Furthermore,

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1. John Kingdon, *Agendas, Alternatives and Public Policies* (New York: Harper Collins College Publishers, 2<sup>nd</sup> edition 1995)

the study of comparative statics and predictions of the results of future reforms based upon the benchmark case may not be entirely appropriate. Whilst it may be possible to take into account institutional differences between a country and the benchmark scenario, other non-institutional factors such as economic policy reversals, and the acceptance of arguments based on public choice and managerial ideology may not be so easy to take into account.

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