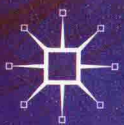


Owen E. Hughes

PUBLIC MANAGEMENT & ADMINISTRATION

An Introduction

4th Edition



Public Management and Administration

An Introduction

Fourth Edition

Owen E. Hughes

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Public Management and Administration

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AUSTRALIAN POLITICS: Realities in Conflict (*with Hugh V. Emy*)

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Preface

Since the 1980s, the public sectors of most Western countries have undertaken major changes. Many developing countries have also instituted reforms. To have such widespread reform is uncommon; in normal circumstances, reform may occur in one country or another more-or-less sporadically. On looking back, what does seem clear is that, from the mid-1970s, many governments had become dissatisfied with their own public sectors, and in particular with the methods of bureaucracy and a lack of managerial competence. The time-honoured processes, procedures and theories of public administration seemed ill-equipped to deal with rapid change, and with public administrators often being regarded by political leaders as obstructive and unresponsive. Reforms were instituted in many jurisdictions. And, once change began, it became apparent that many of the old ways were not universal, were not needed and could be supplanted by other forms of management. It is argued here that this period of change represents a paradigm shift from the traditional model of public administration, dominant for most of the twentieth century, to public management.

This fourth edition is a major rewrite of earlier editions. The first edition in 1994 was somewhat speculative in arguing that there was now a new approach to organizing government, and that the old model of bureaucracy was being replaced. By 2012 and the fourth edition, many of the changes have not only taken effect, but the corporate memory that there ever was an earlier theory has largely gone from actual practice. There may be some historical interest in the traditional model of public administration but its direct relevance has faded away. There are many opinions as to what constitutes public management, and various views are discussed in what follows. The fundamental point of difference between the two models, as discussed in Chapter 1, is that administration means following instructions, and management means control or taking in hand. A public manager is required to achieve results and is, moreover, personally responsible for doing so. From this change, much else follows. If the manager is to achieve results, the ways and means of doing so will draw on other disciplines to assist in the primary task.

The change to public management does not mean the automatic embrace of the reform movement known as 'new public management', often abbreviated to NPM. There were many reforms, and a range of

approaches in different countries, so it was rather simplistic to classify them all as NPM. NPM has either been superseded or perhaps it never existed other than in the eyes of critics. 'Public management' is the term in general use now, being descriptive of what practitioners actually do.

The content and order of chapters has changed from the Third Edition. The first part (Chapters 1 and 2) are essentially introductory. Chapter 1 is still titled 'An Era of Change', as the era of public sector change that began in the 1980s shows no real sign of diminishing. Chapter 2 introduces the scope and scale of government, as anyone interested in public management needs to have some idea of the arguments about and theories of its roles in society and the economy.

The second part (Chapters 3–6) discusses different approaches to the study of the public sector, with chapters on public administration, public management, public policy, and governance. Chapter 3 is about the traditional model of public administration, argued here to be obsolete despite its long and distinguished history. Chapter 4 sets out the main changes involved in the adoption of public management and discusses why NPM is not a useful construct. Chapter 5 discusses public policy, and Chapter 6 is a new chapter on governance, an area of study seen by some as taking over from other kinds of management.

The third part (Chapters 7–9) looks at different ways of interacting with actors outside the agency, including stakeholders, business interests and the issues of accountability endemic in the public sector. An external focus is one of the key differences in a public management model compared to a public administration model. Public managers now have to interact with outsiders much more than before. It is normal to have to work with interest groups, to engage contractors and to work with business. The chapter in earlier editions on public enterprises has been subsumed into a new chapter, which now also looks at contracting and regulation.

The fourth part (Chapters 10–13) examines internal matters within agencies in the context of public sector change, discussing explicitly how these were run and organized in the traditional model and in public management. Major change has certainly occurred in all of these: financial systems have been transformed and personnel arrangements widely adopted that emulate practice in the private sector, rather than assuming that the old administrative ways were best. In all these cases, it is remarkable how far public management has now moved away from public administration. For example, the discussion of leadership (Chapter 11) is quite antithetical to a Weberian bureaucracy, as, in that theory, any kind of personality was strictly to be removed from any consideration. Chapter 14 looks at public management, with the key issue being whether developing countries need to be path-dependent by first following the traditional model of bureaucracy before adopting public management.

Finally, Chapter 15 considers the issue common across the whole work: whether public administration and public management can be considered paradigms, and in addition looks at some of the criticisms of managerial reform as a whole. Criticisms have been made by other writers regarding whether there is a new paradigm (or even an old one), whether there is a global movement of public sector reform, and even whether anything has in fact changed at all. The argument in this book is that there has been a major change and it deserves the appellation of a paradigm. Anyone working in public services can see that something has happened. Public management is different from traditional public administration and, regardless of critiques, it is here and here to stay. However, change does not occur without cost. There are perennial issues of accountability; and perhaps some managerial changes will result in little, if any, benefit. There is, however, no reason to assume that public management will be dropped and the traditional model re-adopted; indeed, more recent developments in the field, such as leadership, collaboration, co-production, even governance, are all even further away from the traditional model of public administration.

There are a number of people to thank. First, I wish to thank my publisher, Steven Kennedy, of Palgrave Macmillan – the publisher since the first edition back in 1994. I also wish to thank others who have helped me with this book and its predecessors. In the fields of public management and public administration these include, in no particular order, Peter deLeon and Linda deLeon, Delmer Dunn, Colin Campbell, Christoph Reichard, Neil Carter, Gordon Clark, Ferrell Heady, Stephen Osborne, Erik-Hans Klijn, Ignacio Criado, Dong Keyong, Zhang Chengfu, Li Bing, and Jean Hartley. At Monash, I must point to colleagues including Deirdre O'Neill, Linda McGuire, Rob Brooks, David Watson and Julian Teicher, and former Deans, Gill Palmer and Stephen King; and at the Australia and New Zealand School of Government, colleagues John Alford and Allan Fels. I must also mention Colin Reaney and Karee Dahl, whose house in France I stayed in while writing the first edition. Most of all I wish to thank Cathy Woodward and our three daughters Caitlin, Sophie and Lucy, now aged fifteen, twelve and nine.

OWEN E. HUGHES

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Chapter 1

An Era of Change

Chapter Contents

- Introduction
- Administration and management
- Public sector reform
- Imperatives of public sector change
- Public management as a field of study
- Conclusion

Introduction

The internal operations of government have always been vitally important to the working of society, even though, most of the time, they barely capture the attention of the public mind. Only rarely have the organizational structures behind the more overt world of politics become notably controversial; only rarely have the more arcane debates held within those parts of academia dealing with public management and administration spilled over into wider arguments across society. It is argued here that the transition from what was once known as public administration to public management, starting in the latter years of the twentieth century, has been a time of change with quite wide ramifications in the governance of many societies around the world. For a time, at least, the management of government was actually noticed.

We contend that the traditional model of public administration, though time-honoured as a result of its tenure over most of the twentieth century, has been discredited both theoretically and practically. There were, in many countries, quite dramatic changes in how the public sector operated; indeed, it has been argued that the end of the twentieth century saw 'a revolution in public administration that is every bit as profound as that which occurred at the turn of the nineteenth century, when Weberian bureaucratic principles began to influence many governments around the world' (Kamarck, 2000, p. 251). A further ten years on, there has been no reduction in the demand for further reform as many countries face financial and societal issues of a

kind not seen for at least half a century. There seems to be a universal, though never-ending, demand for better management in government; but quite how to achieve this is less clear.

If an observer could compare an agency in, say, 1980, with the same one thirty years later, undoubtedly much would have changed. Here it is argued that this broad change can be characterized as the transition from traditional public administration to public management. What cannot be done is to nominate a single date, place, or even theorist or theory, that sets out precisely where the transition occurred; indeed, despite much having changed, the transformation is still not complete.

The adoption of new forms of public management has meant the emergence of what can be argued to be a new paradigm for the organization, management and governance of the public sector. After the first decade or so of reform, attention shifted to changes other than narrow managerial reform, including leadership, governance, collaboration and co-production, networks, sophisticated financial changes and much else. These are discussed in later chapters, but what they reinforce collectively is just how far public management has moved away from the precepts of traditional public administration. In a formal bureaucracy, for example, leadership is simply not needed; indeed, it should be avoided. Any kind of personality in administration – ‘patrimonialism’ in Max Weber’s terminology – is irrational. Also, the traditional model of administration paid scant attention to the outside at all, where one of the more enduring themes of more recent managerial reform is active engagement with the community in various ways. A traditional bureaucrat would be against this, as, in his/her view, any solution derived from public engagement or participation by external stakeholders would be inferior to that derived from the internal logic of the rational/legal principles of formal bureaucracy.

In what follows it is argued that public management is quite different from public administration. A public administrator is someone who follows the rules to the letter, who carries out instructions given by someone else, in theory the political leadership. Socialized into the primacy of process and procedure, a public administrator is responsible only indirectly for the delivery of results. On the other hand, a public manager is personally responsible for the achievement of results, and from this fundamental change much else follows. If results are to be delivered, a way needs to be found to show that results have occurred. If a public manager is personally responsible for the delivery of results, he or she will draw on any kind of theory – management, economic, behavioural or sociological – that will help in carrying out the task.

While there has been a remarkable shift in many countries, public management, and most notably its market-based variants, has not taken over completely. It has been challenged in many ways, with virtually every aspect picked over by a legion of critics, many of them

appearing to prefer the old ways. Particular reforms have not worked well. For example, the laudable idea of performance monitoring led to an often absurd regime of management to arbitrary targets with no obvious means of reaching them. Paying bonuses to good performers has also not worked; even modest bonuses led to resentment among those who did not receive them. Cutting government expenditure has also largely failed, as the notions of cuts were overcome by the reality of ever-increasing health and other social costs in ageing societies.

Public management has evolved from the somewhat extremist days of the 1980s and early 1990s. It has moved on into newer areas, with ideas such as governance, leadership, collaboration and co-production (to name but a few) coming to the fore, but there has been no perceptible reduction in the earlier preoccupation with economics. Compared to the days of public administration somnolence, there is a lively, if incomplete, debate about public management as a still-developing field. Even if the precise shape of newer approaches is not fully settled, the traditional public administration paradigm has been overturned and will not return.

Administration and management

Whether the words ‘management’ and ‘administration’ are different from each other is an obvious but important part of the present argument (but see also Hood, 2005). The words are close in meaning, but a brief foray into semantics allows a case to be made that the terms ‘management’ and ‘administration’ are significantly different, and that a manager performs a different role from an administrator.

The *Oxford English Dictionary* defines *administration* as: ‘an act of administering’, which is then ‘to manage the affairs of’ or ‘to direct or superintend the execution, use or conduct of’; while *management* is: ‘to conduct, to control the course of affairs by one’s own action, to take charge of’. The Latin origins of the two words also show significant differences. Administration comes from *minor* then *ministrare*, meaning ‘to serve, and hence later, to govern’. Management comes from *manes*, meaning ‘to control by hand’. The essential difference in meaning is between ‘to serve’ and ‘to control or gain results’.

From these various definitions it appears that administration essentially involves following instructions and service, while management involves, first, the achievement of results, and second, personal responsibility by the manager for results being achieved. Public administration is an activity that involves serving the public. It is concerned with procedures, with translating policies derived from others into action and with office management. Management does include administration (Mullins, 1996, pp. 398–400), but also involves organization to

achieve objectives with maximum efficiency, as well as genuine responsibility for results. These two elements were not necessarily present in the traditional administrative system. Public administration focuses on *process*, on procedures and propriety, while public management involves much more. Instead of merely following instructions, a public manager focuses on achieving *results* and taking responsibility for doing so.

Closely related words may change by usage. As part of this general process, 'public administration' has clearly lost favour as a description of the work carried out within government; the term 'manager' is more common, where once 'administrator' was used. As Pollitt (1993) notes: 'formerly they were called "administrators", "principal officers", "finance officers" or "assistant directors". Now they are "managers"' (p. vii). This may simply be a 'fad' or 'fashion' (Spann, 1981), but it might also reflect a real change in expectations regarding the person occupying the position, pointing to the significant differences between administration and management.

These changes of title are not superficial. In the narrow sense, the words 'administration' and 'management' are shorthand descriptions of an activity or a function. It does not matter what a person or a function is called, so long as the work gets done. But in a broader sense, words have power. If changing a position description from 'administrator' to 'manager' changes the way the incumbent sees or carries out the position, or the expectations from superiors, the words used to describe it are far from trivial. The term 'manager' may be used more often, simply because it is a better description of the work now done.

Administration and management are argued here to have conceptual differences, and adding the word 'public' to them should reflect these differences. But there is more involved than merely a change of name. If a public manager is personally responsible for the achievement of results, there then need to be systemic changes to measure the performance of agencies and individuals alike. Conditions of employment and accountability arrangements also change as a consequence of public management; political leaders can no longer be regarded as the source of all policy, but nor are they irrelevant. The apparently simple acquisition of responsibility for results by public managers leads to much else.

The end of public administration

The traditional model of public administration was established by the end of the nineteenth century, though its antecedents had been in place much earlier (see Chapter 3). It was the dominant approach for most of the twentieth century. A set of precepts – what can be termed the seven verities of public administration – can be recognized as establishing the model.

Box 1.1 The seven verities of traditional public administration

1. Organization by the principles of *bureaucracy*. Governments should organize themselves according to the hierarchical, bureaucratic principles most clearly enunciated in the classic analysis of bureaucracy by the German sociologist Max Weber (Gerth and Mills, 1970). Although adopted by business and other institutions, these precepts were carried out far more diligently and for longer in the public sector.
2. There should be *one best way* of working, and strict adherence to scientific management principles (Taylor, 1911) would provide the single best way of operating an organization – with detailed procedures set out in comprehensive manuals for administrators to follow.
3. The principle of *bureaucratic delivery*. Once a government had involved itself in a policy area, it also became the direct provider of goods and services through the bureaucracy.
4. General belief among administrators in the *politics/administration dichotomy*; that is, where political and administrative matters could be strictly separated. The administration would be an instrument merely to carry out instructions, while any matters of policy or strategy were the preserve of the political leadership (Wilson, 1941).
5. The motivation of the individual public servant was assumed to be *the public interest*, in that service to the public was to be provided selflessly.
6. Public administration was considered to be a special kind of activity and therefore required a *professional bureaucracy* that was neutral, anonymous, employed for life (and under quite special employment conditions in many countries), with the ability to serve any political master equally.
7. The tasks involved in public service were indeed *administrative* in the dictionary sense; that is, following the instructions provided by others without having personal responsibility for results.

These points reinforce each other. As an administrator only carried out instructions from political leaders, this meant that he or she had to be neutral and anonymous. ‘One-best-way’ thinking meant that delivery could only be by the bureaucracy itself, as that was axiomatically the best way. An administrator is not responsible for results, and this meant that results became secondary to issues of process. Over time, though, the principles became self-reinforcing myths.

The seven verities of public administration were eventually challenged by a series of public sector reforms, starting in the early 1980s. For a start, and contrary to the first verity, bureaucracy is indeed powerful but does not work well in all circumstances. Being bureaucratic is now more often seen as being difficult and obstructive rather than axiomatically efficient. Second, trying to find ‘the one best way’ is elusive in practice; there are likely to be many possible solutions rather

than just one. One-best-way thinking leads to rigidity in operation; and more flexible management systems pioneered by the private sector have increasingly been adopted by governments. Third, direct delivery by bureaucracy is not the only way to provide public goods and services; governments can operate indirectly through subsidies, regulations or contracts. At the time of writing, governments provide more services indirectly and this presents a challenge to the old ways (Kettl, 2002, p. 46). Fourth, the politics/administration dichotomy was a myth; political and administrative matters were in reality always intertwined. Even though this had generally been recognized for a long time in public administration, the implications for management structures had not been followed through and the myth was perpetuated. Fifth, while there may be public servants motivated by the public interest, it is now incontrovertible that they are also political players in their own right, working for themselves and their own advancement as well as for their agency. Also, there can be many versions of the public interest, so relying on such a vague notion is futile. Sixth, the case for unusual employment conditions in the public services is now harder to justify, given the changes that have taken place in the private sector. Old-style public service conditions of service such as a job for life are now rare in the private sector. Finally, the tasks involved in running the public sector are now considered to be more managerial and not merely administrative; that is, they require someone – a manager – to take responsibility for the achievement of results, and to be a leader.

We maintain that the seven verities constitute a paradigm of their own – the traditional model of public administration – but that a paradigm shift to public management began as a result of the theoretical and practical problems of the traditional model (see Chapter 3).

Public sector reform

In the early 1980s, governments in many parts of the world began to reassess their bureaucracies and to make fundamental changes. This process may have started following the severe economic problems in the United Kingdom, New Zealand and Australia, but a number of other countries followed. As Caiden (1991) argued, ‘All blamed the dead hand of bureaucracy, especially the poor performance of public bureaucracies and the daily annoyances of irksome restrictions, cumbersome red-tape, unpleasant officials, poor service and corrupt practices’ (p. 74). A radical change in organizational culture began. For those inside the system, the time of transition was difficult; it was a threat to their familiar way of life, and change was not achieved without cost. Newer managerial approaches had problems, not least of them the disruption to standard operating procedures, and poor morale. There

seemed to be a long way to go before a new results-based management could emerge. It appeared that focusing on efficiency had led to public services becoming somewhat inhuman; trying to find measures for results led to questions about what the role of a government in society should be, and how it should be implemented.

By the 1990s, so many countries were undertaking reforms that the change could be seen as a global movement (see Kettl, 2005). In 1991, the term 'New Public Management' was coined (Hood, 1991), often abbreviated to 'NPM' to conceptualize in academic terms those changes that had occurred notably in the United Kingdom. NPM did become the most widely used term for the overall managerial programme. However, with hindsight, the term has not been useful or helpful in understanding managerial change. Instead of assisting in understanding the process, NPM eventually became little more than a convenient label used mainly by those opposed to managerial change in the public sector. Moreover, there were so many differing definitions and specifications of NPM that the concept itself had little utility.

Public management is a more useful term than NPM in accounting for and even describing the longer-run set of changes. Public management refers clearly to management in the public sector, but does not convey the sense of there being a single coherent programme or agenda. Public management simply means the management that is carried out in the public sector; it can and must vary over time and place, and in response to circumstance. Far more important in the longer run than the idea of a single managerial programme was the more gradual acceptance that the work of public servants was now about management in the sense of personal responsibility for the achievement of results.

Public and private management

One of the criticisms of public sector reform has been over its deriving theories and techniques from the private sector. However, in itself this is neither novel nor significant as a general criticism of reform, though particular aspects may not necessarily work in a different setting without due care being taken. Historically, the private and public sectors have borrowed from each other; from the emulation of military models of bureaucracy by the private sector, to explicit copying by governments of the ways of organizing private railway companies in the nineteenth century. Still, there are several reasons why the two sectors are not alike, and can never be so.

First, in a way that is not characteristic of the private sector, public sector decisions may be *coercive*. Citizens can be forced to comply with decisions, pay taxes, have their property compulsorily acquired, and be subject to sanctions deriving ultimately from the coercive powers of the