

Administrative Reform in Developing Nations

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Administrative Reform in Developing Nations

To my son, Cyrus

Preface

As a worldwide phenomenon, administrative reform has been a widespread challenge to almost all national and sub-national governments around the globe. Unlike the reform movements of the earlier decades of the twentieth century, which emphasized institution building, bureaucratization, nationalization, and a wide variety of organizational and administrative capacity building for national and economic development, the recent global phenomenon of administrative reform has been in the opposite direction: reversing the traditional role of government, the state, and public administration institutions into one that promotes a private, corporate-driven marketplace dominated by business elites.

Privatization, commercialization, marketization, and contracting out, together with a number of institutional changes, promote this new ideological trend on a global scale. Under the direct influence of globally dominant superpowers such as the United States and other Western donors, the World Bank, the International Monetary Fund, and the World Trade Organization have forced almost all less developed nations to structurally adjust their governments and administrative systems to these new global trends that promote globalization and enhance the power and profit of globalizing corporate elites.

In this context of globalizing pressure, governments of both industrialized and less developed nations have engaged in extensive administrative reforms and reorganizations to streamline their public sectors by shrinking their size, function, and activities, which for decades have benefited common citizens everywhere. The need to reform traditional governmental organization and administration is no secret to anyone, and reform is always essential to improve administrative machineries, to reduce or eliminate duplication and waste, and to increase productivity in public sector management. However, the big push originating from the United States and Britain in the 1980s to privatize, marketize,

commercialize, and contract out the public sector functions has been driven by ideological as well as economic underpinnings of the marketplace as a supreme institution in running the economy and society.

Adoption of the private market efficiency dictum since the 1980s has been the gospel slogan of corporate reformers who lead government policy agendas around the world. The 1990s witnessed an even more profound and more comprehensive spectrum of such reform ideas. However, many countries, notably the Latin American and some Asian nations, are realizing the fallacies of the pure marketplace ideology and the private sector efficiency model in public administration, and are now adopting a balanced approach to administrative reform in governance. The central issues of equity, fairness, and market failure are resurfacing as government after government realizes that the lives of the majority, the ordinary citizens, cannot be ignored in favor of the few, the powerful particularistic interest group elites.

Therefore, despite the growth of the "new public management" modeled after the private sector corporate management ideology, a more balanced trend of administrative reform is gradually emerging that reflects prudence and pragmatic approaches to government administration that must serve the broad-based public interests in nations.

This book was born over 10 years ago out of concern over the changing nature of administrative reform in the environment of global structural adjustment policy. Regardless of the ideology behind the policy, administrative reform is a complex issue. Its conception and development as a policy is perhaps easier to articulate than its implementation. Monumental problems challenge the viability of any reform, even if it is well conceived and backed by genuineness and legitimacy.

This book presents original materials on administrative reform in different nations around the world, with an introduction that sets a theoretical framework within which each chapter can be related and appreciated. Publication of the book is long overdue, as the initial idea was conceived several years ago. Experts from around the world present valuable information that contributes to our knowledge of administrative reform in a globalizing and rapidly changing society. Hopefully, this will fill a gap in our knowledge of reform, reorganization, revolution, governance, and public administration.

This book could not have been completed without the cooperation of the contributors who represent countries on three continents. They were unfailingly cooperative, responding to my request for meeting deadlines, as well as revising and making changes in their manuscripts. While this was time consuming for them, they always cooperated in spite of their busy schedules. I am grateful to them all for their patience and support.

I would also like to thank Greenwood Press and its key individuals, particularly Cynthia Harris, who helped get this book published; her instrumental role is greatly appreciated. Finally, my former graduate students, Leslie Taylor, a doctoral student, and Jack Pinkowski, now Dr. Pinkowski, helped me with final touches of the entire manuscript. I appreciate their assistance.

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Chapter 1

Administrative Reform and Development: An Introduction

Ali Farazmand

INTRODUCTION

Administrative reform has been one of the most recurrent activities of governments the world over. It has been accentuated by the severity of the problems faced by the less developed nations. Most of these nations inherited a colonial legacy with significant dependency on colonial powers of the West, and their administrative systems suffer profound deficiencies. However, not all developing nations can be categorized in this way. Many of them went through major transformations after their independence. Some of them have achieved significant development with marked effectiveness; others have lagged behind and remain dependent on Western assistance.

Development administration has therefore suffered from the chronic ailments of dependency, instability, and policy confusion. To reform and reorganize their administrative systems for both development and service delivery, many less developed nations need to break the chains of dependency on exogenous determinants, establish a stable political system that can sustain the courses of reform, and formulate clear policies that will steer actions toward desired goals. Meeting these challenges is a formidable task, for most less developed countries lack the infrastructure to embark on policies and programs that would meet this end. Consequently, manipulation by international powers is an endemic problem facing most Third World countries.

Reform and reorganization efforts are often conceived for the purely political motives of mobilizing for national independence, anti-corruption, elite consolidation, economic market expansion, extraction of cheap labor for global factories, accommodation of foreign interests, and enrichment of power elites both civilian and military. The last-named is often pursued at the expense of the

masses and results in major corruption in the administrative system at all levels. Corruption is often functional by design to promote the anomalies of administrative reforms. Therefore, reforming the administrative system alone becomes a futile exercise when the legitimacy and credibility of the whole system are in question in the public's eyes. Similarly, resistance to reform-induced changes in the bureaucracy likely mounts as long as the fundamental changes are not taken in the structure of that power that perpetuates itself. In fact, success of reform is directly related to regime legitimacy and the popular perception of the genuineness of any reform from above (see Farazmand, 1989, 1998a). This is one of the fundamental reasons why most administrative reforms and reorganizations fail in both industrialized and developing nations.

Another problem associated with the failure of administrative reform is the confusion over the meaning of the term *reform*. Administrative reform means different things to different nations with different political systems. In most industrialized nations, it generally means "a process of changes in the administrative structures or procedures within the public services because they have become out of line with the expectations of the social and political environment" (Chapman and Greenway, 1984). In developing nations, administrative reform often is referred to as modernization and change in society to effect social and economic transformation (see Farazmand, 1999a). Moreover, there is a lack of consensus on the meaning of administrative reform within a single country with an established tradition of good reforms. The term means one thing to politicians and another to administrators, academic scholars, and functionally specialized personnel. Confusion also develops over the use of such interchangeable terms as change, modernization, development, and evolution with reform. Any attempt to effect administrative reform must also take into account the relationship between local and central administrations; the social, political, and economic forces of society; and the interaction between ideas or concepts and practical necessities developed over time. The gap between ideals and realities may grow over time if administrative reform is not taken seriously, despite the fact that other problems may still pose obstacles to its success. The gap must be mitigated by both legitimacy and performance (Farazmand, 1998b, 1999a).

What follows is first an outline of some theoretical perspectives on administrative reform and reorganization. Then, reform and development is discussed, followed by a highlight of major trends in administrative reform worldwide. Finally, a plan of the book is presented, introducing the chapters on administrative reform in different countries. It is hoped that publication of this volume will shed light on the phenomenon of administrative reform in developing countries with lessons to be learned for future policy actions. Administrative reform is an essential function of public administration and governance in developing countries because of the acute problems that most of these nations and their governments face on a daily basis. Building an administrative infrastructure capable of managing the task of development administration is an imperative for these nations.

THEORETICAL ANALYSIS OF REFORM AND REORGANIZATION

Theoretically, several perspectives may be identified to explain administrative reform. These perspectives reflect a body of knowledge in organization theory with various schools of thought for collective action. They range from classical, formal theories of organization, reorganization, and change and development to contemporary market theory, as well as the newest organizational elite theory that calls for fundamental change and reform in the structure and process of administrative systems. Discussion of chaos theory is not presented here.

Guy Peters (1994) classifies most of this theoretical literature into three broad perspectives on administrative reform and reorganization—purposive (top-down) models, environmental (bottom-up) models, and institutional models. These models are useful in explaining and understanding the approaches and motives of reforms and reorganizations undertaken by modern governments. They also provide conceptual frameworks for analysis of organization and reorganization of modern governance and public administration. Finally, they help explain the relationship between reform and revolution in contemporary political and administrative systems.

While any of these models may apply in particular situations, governments may also use a combination of the three. It is important to make some distinction between reorganization—structural changes—and reform—changes in procedures, processes, and relations within and among government administration (Peters, 1994). This useful distinction may appear superficial, however, for the motivation and objectives of reforms and reorganizations are often identical. Therefore, for the purpose of this chapter, we will to a great extent deal with them as being synonymous.

Top-Down Models

The first set of theoretical models—a top-down model of government reform—is broadly purposive and top-down in its perspective on the process. This set of models assumes that certain actors—elites, powerful individuals, or authorities—have particular purposes in mind in the pursuit of reform and reorganization. These models assume that political leaders perceive problems or develop innovative ideas by reforming and reorganizing the public sector. One of these models is the *administration as usual*, which is commonly used in the real world of public administration, where perceived needs for reform and reorganization are determined at the top. According to Pollitt (1984), this approach is a “traditional, pragmatic” approach to the machinery of government and to changes in that machinery. Case studies in Britain (Chester and Wilson, 1968) refer to the “need” perceived by political elites to make changes in the administrative machinery of government (Peters, 1994). The cases in the United States

and elsewhere are cited as having the same characteristic of reform and reorganization (Caiden, 1970, 1984; Seidman and Gilmour, 1986).

The *political science approach* is the second category within the top-down models. Here, political reasons of "ungovernability," government "overload," and similar rationales are considered rationales of changes in government that affect public administration (see Pollitt, 1984; Rose and Peters, 1978; Snellen, 1985). Consequently, management cutbacks, privatization, and downsizing are commonly used terms applied by the purposive, top-down models. Although these models are helpful, they assume that the leading actors in the process are "central to identification, selection, and implementation of administrative changes" (Peters, 1994: 112). A major drawback of these models is that they are highly elitist in their approach to reform and reorganization, giving ordinary citizens and rank-and-file organizational members of governments little say in the process. The whole idea of reform can be totally dictated downward.

Bottom-Up, Environmentally Conditioning Models

These models are considered bottom-up approaches to administrative reorganization and reform. They assume that governments and their administrative systems—structures—have to adapt to the environmental conditions that tend to dictate changes in the structure. The environment may be economic, political, cultural, or social, but the underlying logic of these approaches is very similar. Structure must adapt to environment to survive and continue its existence, as well as to develop patterns of organizations that are functional for the fulfillment of their collective goals.

In the *political science and public administration approaches* to this set of models, governments and political/administrative elites detect innovations or pressures in the environment that require government response. Consequently, structures—administrative state or a particular organization of public administration—react by adopting changes through reform and reorganizations to adapt to the environment. Systems theory provides a clear theoretical explanation for this set of models. One problem associated with these models is that they do not indicate when and how changes in the environment signal administrative adaptation.

Contingency approaches are the most familiar of the environmentally determined approaches (Lawrence and Lorsch, 1969). Systems theory in general, and its variant contingency theory, provide the best literature for explaining this set of models. The logic of this approach is the internal organizational reflection—both structurally and behaviorally—of environmental conditions that influence public administration. On the negative side, these approaches are poor predictors of organizational structure and behavior, and they assume that governments and their organizations are unable to change their environmental conditions for their purposes.

Other models, such as *population ecology approaches*, also tend to explain

the relationship between organizations and their environment by looking at two different sets of environments that organizations must adapt: (1) the ecology of organizations—that is, the population of organizations to which a particular organization belongs (Aldrich, 1979; Carroll, 1984); and (2) the broader general environment in which all other organizations operate. To survive, all organizations experience birth, death, and survival, and organizations must maintain the equilibrium of their “ecosystems.” Organizations must find niches in their environments and survive, as competing forces of the ecological environment determine their existence (Farazmand, 1994). Although ecological models are not often applied in public sector reorganization and reform, they are useful in that they give us an understanding of the evolution and sustainability of certain organizations in the environment, and how some sectoral government organizations always try to find niches in the environment for their growth and development.

Institutional Models

The institutional models represent a separate group of approaches to reorganization and reform. In addition, they are both a reaction to the earlier behavioral theories of organization and reorganization and a response to the inadequacy of the other models. This is particularly evident in the increasing interest in the “new institutionalism” movement in which organizational changes must take place through changes and modifications of internal organizational values and culture, as well as structure. Rather than viewing organizational changes as emanating from individual organizational/political leaders under purposive models or responding to the environmental dictates, the institutional models focus on the need to modify collective values, culture, and structure to make the organization adaptive and dynamic (March and Olsen, 1984; Farazmand, 1997a).

Culture is a concept, but so is the adaptability and institutionalization of values and cultures obtained from environment on the one hand, and the institutionalization of the environment by organizational values and cultures on the other. This mutual adjustment is a key characteristic of the institutional models of organizational changes and development, and therefore to reorganization and reform of public administration. Thus, as much as they represent the search for efficient administration and management, a government’s administrative institutions—the bureaucracy and its values—represent important social and political values. Reform and reorganizations are more political and carry more significant values than is often perceived (Peters, 1994).

This brief explanation is helpful in understanding and explaining government reforms, including, for example, the Iranian administrative reform and reorganizations under the late Shah and the subsequent revolution of 1978–1979 which overthrew the Pahlavi regime. These models are also useful in drawing theoretical conclusions as to why some administrative reforms fail while others are successful, and yet the appearance of some successful reforms may have unin-

tended negative consequences for the regimes in power. This relevance does not necessarily mean that all reforms are doomed to failure. Various factors are involved in the outcomes of reforms. As we will see, Iran's reforms under the Shah involved a top-down, purposive approach utilizing a one-dimensional aspect of the institutional model; it was not a reciprocal or mutually adaptive approach. The bottom-up approach was initially and partially applied, but then was quickly reversed. These contradictions made the reforms and reorganizations meaningless and proved more destructive for the regime than anticipated. Similar observations can be made of many developing nations.

REFORM AND DEVELOPMENT

Reorganization and reform are essential requirements for successful implementation of development policies and programs in less industrialized countries. The development process dictates flexibility, creativity, and innovation in administrative systems. Very often, the rigidly structured administrative systems are ill-suited for carrying out massive developmental programs. Reforming and reorganizing such systems become imperative if any genuine results are expected from any developmental efforts. Therefore, reorganization and reform are very functional to successful development around the world.

Reform and reorganization in developing countries may involve a number of structural and process changes and improvements. They may include sectoral structures and processes such as personnel systems by building the technical, professional, and administrative management capacity. Institutional capacity building is also essential for developing organizational incentives, decision-making flexibility, implementation processes, and other organizational changes that will promote both personal and organizational capabilities for national development. Adaptability is key to any reform and reorganizational plan in which contingencies must be embedded in the process of organizational change and administrative action. Another necessary change and reform is the genuine support of the political leadership for administrative reform, for without the top support no reform can succeed. Reorganization in development means provision of key structural arrangements to facilitate administrative engagement in development programs. Reform means significant process changes by which implementation as well as policy development contribute to efficient and effective national development.

Political and administrative elites—and the business elites/invisible hands—often pursue administrative reform and reorganization using the top-down, purposive models. Generally, both ordinary people and active members of the institutions of governance and administration have little or no say in the reform process. Such measures are dictated to organizational members, and implementation is required. Consequently, resistance may develop for a variety of reasons: inadequate resources, conflict of interests, lack of adequate skills and training programs, threat of the unknown, fear of possible loss of job or privileges, and

popular perception of corruption within elite power structures. Such obstacles, as well as political instability, impair reform implementation, resulting in its failure.

TRENDS IN ADMINISTRATIVE REFORM AND REORGANIZATION

Several reform movements emerged in the second half of the twentieth century. First came the post-war orientation of administrative capacity building that served the political ends of anti-communist, anti-Soviet, and anti-labor movements suspected of supporting world socialism. Administrative systems were built in less developed nations associated with the Western powers and world capitalism. The key characteristics of this period of reform included extensive development of security and police forces, managerial training for capitalist development, and bureaucratization for political control as well as policy implementation. These reform orientations were geared to the goals of the Cold War era.

Second, the period of institution building in the 1960s provided a major impetus for bureaucratizing societies in less developed nations under Western influence. Bureaucratization, along with selective land and other agrarian reforms, prevented a peasant-based revolution by establishing state control over both rural and urban areas in developing nations. Bureaucratization was adopted as a means of implementing national policy and curtailing the power of local feudal lords and big landowners, though the landed power structure remained intact. In fact, its power was transformed from an agrarian to an urban base, thereby giving the centralized state room for maneuver.

Third, in the 1970s the state was further enhanced through administrative reform which facilitated the process of globalization. The major nationalization policies begun in the previous decade continued during these years. Further development of the welfare state was another major feature of this period, which resulted in the expansion of the public sector and its activities.

Fourth, the 1980s marked the beginning of an era of administrative reform with an opposite direction: privatization, commercialization, and marketization, government retrenchment (Peters, 1991), and debureaucratization (Caiden, 1991) now replaced the earlier trends of nationalization and public sector development. Downsizing, public sector retrenchment, and other policies emanated from the global sources of capitalist power, led by the United States and Britain. This was the era of rapid globalization of capital and expansion of market at the expense of the public sector. Since the 1980s, administrative reforms across the globe have led to privatization and cutbacks in governmental expenditures and activities. The fall of the Soviet Union has further accelerated the pace of globalization of capital. Most governments in the developing world have been pressured by the globalizing states and transworld corporations to promote such globalization.

Supragovernmental international organizations such as the World Bank, the International Monetary Fund, and the World Trade Organization have been instrumental in enforcing the dominant role of globalizing states and transnational corporations around the world. Structural adjustment and privatization have been the key strategies to promote globalization of capitalism and surplus accumulation of capital (Farazmand, 1998a). Consequently, the welfare state has been dismantled in favor of corporate globalization, with massive displacement effects for labor and the peasantry all over the world. While globalizing corporations have amassed wealth and power over almost all less developed nations, the peoples in the latter nations have been forced into a “race to the bottom” (Korten, 1995; Farazmand, 1999b).

Fifth, administrative reform efforts in the 1990s have further enhanced the market-based philosophy of private sector managerialism and administration of the corporate state function. Public administration has been reoriented, going from a public service to a security-corporate emphasis. The new corporate administrative state has replaced the former welfare administrative state, and public administration is being transformed into administration of the public for social control because marketization and privatization create chaos and social disorder, which are not conducive to corporate market sector demanding order and stability. As a result, an expanded military, security, and police role has come to characterize the new corporate administrative state and public administration in both industrialized and developing nations (see Farazmand, 1997b, and Davey, 1995 for details).

This structural development has many manifestations in advanced industrialized nations such as the United States and Britain. Expanded budget expenditures for more prisons, larger police forces, and more equipment in the name of crime prevention, deregulation, corporate subsidies, and military-oriented investments are a few examples. A “new social contract” has emerged from the welfare state to the police state (Davey, 1995), and the welfare administrative state has been replaced by the coercive corporate administrative state. The result is administration of the “public” in place of public administration (Farazmand, 1997b). Corporate elites dominate both public and private sectors in the globalization era, and the role of the dominant states is to enhance opportunities for further accumulation of surplus capital. In this era of globalization and privatization, corruption has been mounting at the highest levels of government across the globe, therefore, sounding the alarm of accountability and ethical problems in politics and administration everywhere (Farazmand, 1997a). The new surge of concern for accountability in public service and administration is a worldwide phenomenon attracting the attention of governments, scholars, and policy developers alike.

The final administrative reform trend is the emerging orientation whereby administrative reform is modifying the excesses of managerialism and market-based reforms. The Latin American countries quickly discovered that private sector, market-based managerialism was a failure because of immense social