

5 Politics, administration and performance: A continuing search but no one best way?

Introduction

I have been tasked with the following question: how do relations between politics and administration shift when performance-improving reforms are introduced? As always, there is more than one way of interpreting the question, and of trying to answer. There are also strong normative aspects – for example, who *should* lead performance reforms, politicians or administrators? I will address this complexity by offering a number of different perspectives on performance management, and by making copious references to relevant work by scholars in many countries. Thus, for example, I will look at what we know of past performance-oriented reforms; at why a particular reform may work well in one context but not in another; at how relations between politicians and administrators have been shifting over the past few decades, and at what impacts current conditions of austerity may be having on these key relationships. Throughout I will also be emphasizing a paradox – that we have a huge literature on these issues, and yet this mountain of words leaves us without any clear or sure general answer. I attempt to show why generalisations are so difficult, and what kind of answers we may be able to develop once we abandon the perennially seductive idea that there is, if only we can find it, 'one best way'.

Clearing the conceptual ground

Before we can begin our analysis there is a need to define some of our key terms. In particular, we need to be clear what we mean by politician, administrator and performance. The paper focuses mainly on *executive politicians* – ministers and others who wield executive authority. Among all the various types of

public servant it focuses principally upon *senior advisers to executive politicians, and on top managers* (e.g. chief executives of operating agencies). It recognises, however, that, even if some very common features of political behaviour can be recognised across many countries, the detailed expectation of political roles vary a good deal from one state to another. Thus the role of a minister in a powerful, centralized, one party government like the UK's is different from that in a relatively weak, multi-party government such as has prevailed recently at the federal level in Belgium – as, indeed, it is also different from the role of a minister in one of Denmark's typical minority coalitions, or in a short-lived government in Latvia or Romania (Bekke et al, 1996; Hecló, 1978; Hood and Lodge, 2006; Kettl et al, 2004; Peters, 2006; Peters and Pierre, 2004; Pollitt, 2009; Schröter, 2004). The implication, of course, is that what politicians will seek and require from their senior civil servants will also differ. Just as there is no standard legal definition of a civil servant that fits all countries – or even all western European countries – neither is there a common set of normative expectations about what the relationships should be between civil servants and political power. This 'public service bargain' (PSB) between the political power and the bureaucratic power varies a great deal from one country to another (Hood and Lodge, 2006). One basic distinction is between those systems in which civil servants is primarily regarded as 'trustees' of the public interest, guardians and representatives of the state, and those other systems where civil servants are primarily regarded as 'agents' of their political masters. Therefore, when asking what effects performance- or austerity-driven reforms are likely to have on relations between politicians and administrators we have to recognise that the starting point for these relations looks very different in different countries.

Next, we come to *performance*. Here lie some crucial conceptual distinctions. *Performance* is a loose and very general term that has been used with an endless variety of specific meanings. It has been deployed to encompass, *inter*

alia, economy, efficiency, effectiveness, equity, quality, accountability, transparency and responsiveness. In the context of this paper we need to focus on some more specific elements

Economising (making *economies*) is quite different from increasing efficiency (and wholly different from improving service quality). In essence, *economies* are reductions in inputs while *efficiencies* are improvements in the *ratio* between inputs and outputs (where outputs are what the organization delivers to society, such as grants, licenses, monetary benefits, education or healthcare treatments). Increasing efficiency may therefore even sometimes entail an *increase* in inputs – if that produces a proportionately *larger* increase in outputs. *Effectiveness* is different again, usually meaning the degree to which the objectives of a policy or programme are in fact achieved – so this concerns impacts on the outside world beyond the organization itself – real outcomes (Pollitt and Dan, 2011). Economy, efficiency and effectiveness are mutually independent – an increase or decrease in one by no means automatically leads to an increase or decrease in the others, in fact it is not unusual for them to move in opposite directions. In this paper I will take ‘performance’ to mean all three: economy, efficiency and effectiveness – the famous ‘3Es’ – but I will not spend much time looking at other dimensions (e.g. equity, quality) which have, by some, been included within the concept of performance.

Performance improvements in the past

The literature on performance improvements is vast. I can do no more here than provide a brief overview of selected – and I hope significant – recent studies. One immediate problem is that, while there is a mountain of studies of performance management and measurement, there is only a molehill of studies of the effects these processes have on the administrator/politician interface.

Several recent research projects across Europe have shown that hard evidence for large scale performance improvements has

often been thin. One database of more than 500 studies of NPM reforms across the EU indicates performance improvements in only 40–60 % of cases, and actual deteriorations in a significant minority – see Table 1 below.

Type of impact	Entries (n)	Improved	Worse	Unchanged
Outcomes	57	44 %	23 %	33 %
Outputs	163	53 %	20 %	27 %
Processes/activities	639	58 %	19 %	23 %

Table 1: Database entries for NPM reform impacts (source: Pollitt and Dan, 2011).

Note: Studies may contain (and in some cases have contained) more than one entry for processes/activities, outputs or outcomes or any combination of these. Therefore an entry is not the same as a study. At the point at which this Table was composed the database contained 518 studies, comprising 68 % academic studies and 32 % official studies of one kind or another, plus management consultancy reports and studies by civil society organizations. For full details see Pollitt and Dan, 2011, on www.cocops.eu

Outcomes, of course, are crucial to effectiveness (see discussion in previous section). Outputs are one half of the efficiency equation (we would need to be able to measure changes in outputs against changes in inputs to ascertain efficiency, but in most of these studies that is not possible). Changes in processes/activities are internal reforms which may, or may not, lead to changes in inputs and outputs, and therefore, ultimately, to changes in efficiency and effectiveness. Note that this database relates only to NPM-type reforms, so it is always possible that other types of reform may be more regularly successful and predictable. ‘Performance’ was, however, at the heart of the NPM approach.

Another recent study has shown that, looking across 18 EU states, contracting out does not seem to be positively associated with long term savings. It found that ‘outsourcing was not associated with a reduction in the public sector size as regards expenditure and employment, either in the short or long term’

(Alonso et al, 2011, pp27–28). Unfortunately, this study was based on aggregate data which did not permit much causal analysis. The authors speculated that the result might be due to high transaction and co-ordination costs. This study was also unable to comment one way or the other on possible efficiency gains, but we will come to those in a moment.

If we turn to the conclusions of a major, 30 country study of agencification the message is similarly cautious (Verhoest et al, 2012). After large surveys in 30 countries, backed up by interviews and documentary analysis the authors came to the conclusion that:

‘[A]ctual research into agency performance is scarce and empirical evidence of such effects is still inconclusive... Also, based on our research, there is no indication that autonomy automatically leads to good performance; there are many different factors that play an important role’ (Van Thiel et al, 2012, p430).

Next, we might mention the findings of a statistical analysis by Andrews (2011) of claims that competition-oriented management reforms had improved efficiency. Reviewing the available quantitative studies, he found roughly equal chances of positive effects and no measurable effect at all, although the chances of negative effects were considerably smaller than either positive or no change.

Finally, we take note of some UK studies, focused on the economies and the efficiency gains that were supposed to have accrued from the famous efficiency drives under the premierships of Thatcher, Major and Blair. Careful scholarship, working with the official statistics, indicates that Thatcher’s economies were far less impressive than is popularly supposed (Dunsire and Hood, 1989) and that the efficiency gains inside particular departments under successive governments were sometimes non-existent (e.g. Dunleavy and Carrera, 2011). The running costs of UK civil departments actually rose 1980–2000. It is true that, over the same period, Total Managed Expenditure

(programme spending) increased enormously, but even relative to these expenditures, total running costs only fell by roughly 1 % (Hood and Dixon, 2012).

Several studies of ‘post NPM’ style reforms, including major IT schemes, have also found that gains are absent or hard to detect. For example, a recent National Audit Office analysis of the post-NPM programme for efficiency savings through ‘joined-up’ shared service centres found that the planned savings of £159M had actually turned into a net increase of £255M (National Audit Office 2012; see also <http://whitehallwatch.org/2012/03/07>), and an earlier study by Dunleavy et al (2006) identified many failures with government IT schemes in several countries.

On the other hand, some detailed statistical studies of the UK performance target regimes in healthcare and education 1997–2007 have shown that they had very significant effects in improving targeted performance (e.g. Kelman and Friedman, 2009; Propper et al, 2008; Wilson and Piebalga, 2008). However, these gains were made under very specific conditions, which would be hard to reproduce in many other countries. A powerful, majoritarian central executive was able to impose strong and detailed target regimes on health and education (and other) authorities throughout the country, to publicize successes and failures, and often to punish failure quite severely (Barber, 2007; Pollitt and Bouckaert, 2009; Pollitt et al, 2010)

Overall, therefore, we have a great deal of information about past performance improvement schemes (including some very successful ones) but it is hard to distill any general rules of best practice that will travel easily from one context to another. What is quite clear, however, is that the evidence for large scale success using NPM-type mechanisms (contracting out, agencies, performance-related pay, performance targets) is rather weak – even in those countries where the conditions for NPM seemed to be most favourable. Furthermore, the emerging

picture for post-NPM-type reforms is by no means automatically better.

The existing literature does not indicate that the introduction of performance management systems has usually had major consequences for relations between politicians and administrators, largely, perhaps, because this has not been a focus for most of these studies. In some countries the autonomization of tasks into arms-length agencies has led to anxieties about the loss of political steering capacity (Verhoest et al, 2012) , but in general the evidence – from many countries – calls into question whether most politicians have really taken much systematic interest in the new flows of performance information (Johnson and Talbot, 2007; Pollitt, 2006). What there is much clearer evidence for, however, is that the introduction of performance management systems has a variety of effects on the relations between different parts of the public service – especially between operational staff and professional service deliverers on the one hand and central units responsible for setting targets and assessing their achievements on the other (Barber, 2007; Pollitt et al, 2010).

The importance of context

The preceding brief review of the literature makes it obvious that any serious analysis of the likely effects of performance management will have to take into account a number of contextual factors. It is not a question of whether performance targets, or performance budgeting, or whatever, *work*, rather it is a question of in what *contexts* do they prove more or less effective (Pawson and Tilley, 1997; Pawson, 2002). But what are the contextual factors that should be taken into account?

The meta analysis of studies of European NPM reforms referred to earlier gives some clues (Pollitt and Dan, 2011). It picks out a number of contextual features which are reported in a wide range of studies. These are summarized in Table 2 (see annex at end of paper). These features are very various. Some – such as cultural features or basic patterns of political institutions – are

usually deeply embedded in a particular national or sectoral system. Realistically, they cannot be changed in weeks or even months – reformers have to manage them and live with them. On the other hand, they are predictable – anyone with local knowledge and experience can anticipate when and how they will be encountered. Other contextual factors are far less predictable, but may also have shorter-term effects – such as accidents or scandals, or particular election results. There may also be significant short-term effects from the rise or fall of particular individual leaders. Somewhere between these two sets of factors lie important medium gauge factors such as administrative capacity – this can be changed by vigorous recruitment and training reforms, but tangible results are likely to take a year or more to accrue.

In short, influential contextual factors can be long term or quite sudden, and they can be cultural, institutional, political, technical or having to do with individual agents (charismatic leaders, scandals, etc). Therefore many of these can be foreseen or predicted, but some cannot.

Performance improvements in the new age of austerity

In many EU states the current dominant imperative is to reduce public spending. Economy is paramount. However, undiluted economy, on its own, is not a popular programme, either for the general public (a future of unending service reductions) or for public servants themselves (the majority of whom work in delivery tasks). Politicians in most countries have therefore been keen to ‘sugar the pill’ by insisting that money-saving reforms can be crafted in ways that will nevertheless preserve or even improve service quality, efficiency and effectiveness. Much stress is being placed on new ways of working and on ‘innovation’. This is a difficult argument to balance (and to evaluate). On the one hand new ways of working are undoubtedly part of the solution, and one of the main hopes for performance improvement under conditions of austerity. But on

the other it is easy to exaggerate the extent to which we understand innovation and can channel or manage it (Bekkers et al, 2011; Edgerton, 2007). Furthermore, it may be that even with considerable innovation, the sheer scale of required expenditure reductions is so great that innovation will not entirely offset the need for service cuts.

To be optimistic, there are past cases where national governments *were* able to achieve major spending reductions which were politically difficult, but not disastrous (e.g. Canada, Netherlands, Sweden). There seem to be a number of ingredients here, including creating public understanding of the nature of the problem, the skillful advancement of arguments for burden-sharing, and the holding-out of some longer term vision of a return to less austere times, plus, of course political courage (Posner and Blöndal, 2012). There also seems to be evidence that political fragmentation, the repeated postponement of ‘pain’ and a failure to engage the broad public in the debate (so as to try to disguise and obscure the extent of the necessary cuts), tend to lead to public policy disasters and a loss of government legitimacy. There may also be a danger that, as incremental reductions of service quality occur, performance measurement systems may be dismantled or weakened by either staff and/or politicians, so that unwelcome results are obscured, not recorded or not published. In the UK, for example, alongside deep cuts in public expenditure some Conservative politicians have spoken of the need to be free of heavy bureaucratic measurements systems, and have applauded the idea of a ‘bonfire of targets’.

Politicians and administrators – already on the move

The great pressures that erupted with the global financial meltdown of 2007-8 did not impact on a static set of relationships between politicians and administrators. As many analysts have recognized, political roles have been changing for decades now. In particular, increasing electoral volatility, declining perceived legitimacy and a transformation of the

nature and intensity of media scrutiny of politicians have made their jobs more difficult than they used to be in the immediate post war period. Second, what civil servants are *expected* to be has changed and continues to change. At least two internationally quite widespread trends can be noted. However, the patterns are complex, and there is no one best way or one single point towards which all national systems are converging.

The first of trend has been *the changing nature of executive politics*, and, in particular, its increased volatility. Executive politicians in many countries face a situation in which mass voter party loyalty has declined ('party dealignment') while media scrutiny of their day-to-day decisions (and non-decisions) has increased in both volume and aggression. At the same time the old 'gentlemen's club' style of politics has given way to populist smears and personal attacks (Kettl et al, 2004, Obama, 2007, pp9–11). So executive politicians can rely less on loyal followers to vote for them come what may *and* they simultaneously experience a daily inquisition from a hydra-headed media which demands transparency but shows them little respect. No wonder they want more media-savvy protection and more politically-tuned, instantly available advice (for a good flavour, see BBC 2007a and b)

A widely-spread (though not universal) perception by politicians is that the traditional career civil servant is somewhat unlikely to satisfy this particular need. The career bureaucrat is often stereotyped as slow-moving and more concerned with procedural rectitude than with the minister's television interview later this evening. "The capacity of the Civil Service, to deal with the pressures of modern government, is much less than it needs to be" (Charles Clarke, senior cabinet minister in the Blair administration, BBC 2007b). Politicians therefore turn to a range of other providers – to public relations experts, loyalists from party think tanks, political enforcers, management consultants, even film stars or TV journalists. And once this begins there is a kind of snowball effect – other parties or other governments notice and think 'well, maybe we should

do that too'. Sociologists and public administration scholars call this 'isomorphism' or 'convergence' (Pollitt, 2002). Soon having more political advisers becomes the 'modern thing to do'.

The formal, legal status of these newcomers – the political advisers and public relations experts – varies from one system to another. In the UK, for example, they are often officially designated as civil servants. But both they and the permanent civil servants know that they are different – their loyalties, their incentives and the basis of their authority all mark them out from the traditional career civil servant. In other systems they are located in politicians' personal *cabinets* – as in the French government or the European Commission. In the USA they form a 'government of strangers' perched on top of the career civil service like the icing on the cake (Hecl, 1977). Note, however, that in all these cases they are political *advisers* and *analysts* and sometimes *enforcers*, not elected political representatives. They are public servants who have political skills and who are part of the political process, but they are not, themselves politicians. We cannot vote them out, so we need other rules for controlling their conduct.

The second trend – which often occurs in parallel – is that there is an increased stress on the need for management skills and attitudes. Senior civil servants are expected to become professional managers, capable of driving through change and stimulating innovation. These expectations are backed up not just by new training, but also by new recruitment and promotion criteria, changes in tenure, competency schemes, performance related pay, appraisal systems and all the paraphernalia of modern management (Pollitt and Bouckaert, 2011, pp87–96). Often a greater emphasis is put on extrinsic rewards – pay and promotion will go to those who hit their targets and most closely and visibly fulfill the minister's requirements. [The 2007 return of performance related pay in the US federal departments of Homeland Security and Defence appears to mark the triumph of hope over experience, since PRP schemes

have very seldom achieved clear success, either in the US or any other public sector – see Perry et al, 2009]

Much of this new apparatus is probably useful, and even overdue. Some of it, however, creates a further confusion or tension for senior civil servants. As Moynihan argues, the extrinsic-rewards model:

‘also damages public service motivation in two ways: (1) through a selection effect, by attracting and retaining those with primarily extrinsic motivations; and (2) through an incentive effect, by crowding out intrinsic motivations’ (Moynihan, 2008, p248)

Furthermore this change, like the first one, is subject to the amplifying effects of international fashion/isomorphism.

There is a connection between the two trends, and it is a contradictory one. It is that, to some extent at least, politicians’ desire for more loyal political protection and partisan advice is provoked by the growth of managerialism (Peters and Pierre, 2004). NPM-style changes have, in a number of countries, led to a proliferation of decentralized or contracted-out services run by professional managers who enjoy a degree of autonomy from the political process (Verhoest et al, 2012). This has reduced the range of ‘levers’ which executive politicians can pull, and ‘politicization...was one of the more important of the strategies adopted to achieve that end of control’ (Peters and Pierre, 2004, p284).

Thus several things come about – either gradually or suddenly. First, a politicized wedge is driven between the career civil service and the political executive (or, in already-politicized regimes such as the USA or Italy, or Germany, the existing wedge gets bigger – Derlien, 2004; Peters, 2004; Ongaro, 2009). Second, a cadre that was previously focused on giving policy or legal advice now finds itself expected to *manage*. All of which suggests to senior civil servants that the terms of their previous understanding with ministers – their ‘bargain’ – are

shifting (Hood and Lodge, 2006). What had been largely taken for granted is now a source of uncertainty, and up for re-negotiation.

Of course these several developments are not the *only* problems, and neither are these problems present to the same degree in each and every country. There are also some very practical issues around pay and image (see, e.g. Rimington, 2009). Yet politicization plus managerialism do seem to be major factors in unsettling relations between politicians and senior career civil servants in a number of countries. To some extent they push civil servants in opposite directions. On the one hand they are expected to become responsive agents, quickly and sensitively assisting the minister through the swiftly changing political tides. On the other, they are asked to be professional executive managers, applying modern techniques in a systematic and expert way, in order to get the optimal performance out of public sector organizations. Further, major problems can easily arise when civil servants are asked to behave in more entrepreneurial or innovatory ways but the political framework within which these new behaviours are to take place has not been clearly defined and firmly settled (for a vivid early example, see Lewis, 1997).

The current era of austerity: impacts of on the relationships between politicians and administrators

In the current crisis different EU states have started from different positions, in several important respects:

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- Type of political system
 - Nature of Public Service Bargain (PSB) between executive politicians and top public servants
 - Make-up of the national economy (e.g. the finance sector and the housing sector are both proportionately large in the UK)
 - Level of stress in public finances
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Perceived legitimacy of the public sector (e.g. much higher in Denmark than Romania, or even the UK)

These and other features mean that different strategies will appeal in different degrees to different governments. For example, one important recent strand of research has suggested that there are currently at least four strategies in play among OECD countries (Lodge and Hood, 2012):

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1. *The directing state* (technocratic attempts to direct and organize one's way out of the crisis – the state forms and implements a strategic plan for solving fiscal, social and organizational problems)
 2. *The hollow state* (an intensification of business-friendly, New Public Management-type responses – large scale privatization, contracting out and stripping-down of the remaining public sector core)
 3. *The communitarian state* (localism, decentralization, greater participation and local self-sufficiency)
 4. *The coping state* (trying to keep the *status quo* as far as possible, but with many cut backs and diminutions of the security and privileges of the public service)
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Each of these approaches carries different implications for relations between politicians and administrators. In particular each implies certain *competences* that politicians will expect from administrators, each also has implications for the *rewards* that administrators are likely to receive for their work, and each may have a particular effect on the nature of the bond of *trust and loyalty* which exists between the two groups. Performance management probably has a role in all four, but it is clearly absolutely central to the first two.

Whilst no state fits exactly and exclusively into just one of the four approaches, some states do exhibit distinct tendencies in one direction or another. A few examples may illustrate this. In the second half of the twentieth century, all four Nordic states operated in a predominantly 'directing' mode, at least in the sense that governments readily assumed very wide responsibilities for welfare, employment and social security. In a somewhat different way, France was also a strong, directing state, famous for its technocratic centralized planning.

The federal government of the US, however, became more and more 'hollowed out'. By 2002 contract employees represented 62 % of the combined total of civil service, military and contractee positions (Durant et al, 2009; see also Peters 2010). Even in military matters, the 'contract state' grew and grew. By the end of the tenure of Secretary of State for Defense Donald Rumsfeld in December 2006, there were approximately 100,000 private contractors in Iraq – almost as many as there were active duty U.S soldiers (Ricks, 2007, p371, see also Scahill, 2007).

However surprising this might seem to continental European audiences, it might be argued that the state was still in control. After all, did not Department of Defense write the contracts and pay the contractors? Unfortunately matters were not so simple. As Scahill and others have made clear, the very rapid growth of contracted out military activities was not just an efficient response to functional pressures, but rather the product of a new

ideology, the ‘Rumsfeld doctrine’, according to which the Pentagon should:

‘draw heavily on the private sector, emphasize covert actions, sophisticated weapons systems, and greater use of Special Forces and contractors’ (Scahill, 2007, ppxiv-xv).

The result of this rapid shift, and of the unexpected levels of resistance in Iraq and Afghanistan, was not a neat, efficient or well-ordered system. Indeed, a 2006 Government Accounting Office (GAO) investigation noted that the Army and Air Force were unable to provide information concerning the number of contractors they were using at deployed locations, or a full list of the services being supplied. The GAO concluded that:

‘problems with management and oversight of contractors have negatively impacted military operations and unit morale and hindered DOD’s ability to obtain reasonable assurance that contractors are effectively meeting their contract requirements in the most cost-efficient manner’ (Government Accounting Office, 2006)

The UK also seems to be on the road to hollowing out, although it has not yet gone nearly as far as the US, and anyway started in a different place. In the 1960s and ‘70s the central executive, in the UK system, was much stronger and less constrained than its American counterpart (Pollitt and Bouckaert, 2011). However, since the 1980s the grip of the centre has been loosened by a number of factors (Rhodes, 1997). First, there was the very large scale privatization of state industries and services, which, for better or worse, both deprived government of various levers of power and reduced or obscured the public accountability of these activities (see e.g. Shaoul, 2004). Second, there was, in parallel, large scale contracting out. This affected many aspects of public services, from basics such as catering and cleaning through to core issues such as IT. In their

international comparative study Dunleavy et al (2006) found that the UK was among those countries where:

‘NPM impaired government IT modernization by hollowing out public sector staffs and capabilities and bringing new contractually based risks and barriers into cross-government policymaking’ (2006, p7).

Third, there was a rapid and extensive process of creating ‘arms-length’ executive agencies, which soon employed more than two thirds of the home civil service. Although in many respects moderately successful, this shift did throw up co-ordination problems and in some cases it opened wider gaps between policy making and implementation (James et al, 2012). Fourth, the sheer intensity of incessant reform in the UK has produced its own confusion and change-weariness, with a significant loss of ‘institutional memory’ among core civil servants, and a merry-go-round of consultants advising on performance management and re-structuring issues that would once have been central to the task of the higher civil service (National Audit Office, 2006; Pollitt, 2007; 2008). Finally, current UK coalition government polices appear likely to accelerate hollowing out, as the main reform white paper signalled that direct state provision should henceforth be the exception rather than the rule (Minister for Government Policy, 2011, especially p29)

These examples illustrate tendencies characteristic of the first and second approaches. There is insufficient space to say more than a few words about the third and fourth. Few, if any, EU countries seem yet to adopted a full-blooded ‘communitarian’ approach. Despite all the talk – in many countries – about decentralisation and localism, the overall tendency, until recently, has been towards bigger, more professional local government units (Baldersheim and Rose, 2010). It is possible that, under the impact of austerity, this will change (see, e.g. Minister for Government Policy, 2011) but we must wait and see. As for the fourth, ‘coping’ approach, at the moment

countries such as Greece and Portugal are in danger of falling into that category.

We must now turn back to the fourfold framework and ask what implications each approach might have for relations between politicians and administrators in the current period of austerity? For the sake of clarity each approach will be described in quite stark terms – actual practice would, no doubt, be far more nuanced.

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1. *The directing state.* Senior officials will be given strong authority to plan and control. They will therefore need to acquire the relevant skills in strategic planning and operational and project management. This approach favours explicit strategies rather than incremental change. Senior officials will be major 'doers' (running programmes in infrastructure development, employment retraining, financial regulation, targeted assistance to innovatory research and development, and so on). Senior officials will thus enjoy high status, though whether as trustees or as agents may vary according to the political system. The directing state will certainly need performance measurement.
 2. *The hollow state.* Like the directing state, this is a strategic response, but one in which the state expresses much less confidence in its *own* abilities and skills. Performance improvement becomes a matter for others rather than public servants themselves. Senior officials will be responsible for carrying through a programme of mass contracting out and privatisation. They will need to know how to design and supervise multiple contracts, measure performance and how to talk business to business. Because of the general assumption that private business is more efficient than direct public provision, it is unlikely that public officials will have a very high status, or that their rewards will be remotely competitive with those of the private sector. Special privileges such as strong tenure or final salary-

based pensions will be diminished or removed. All this will make it harder and harder for politicians to rely on high levels of loyalty from their civil servants.

3. *The communitarian state.* The stress will be on joined-up local solutions in the common good. Competencies in mediation and facilitation will therefore be paramount. It is difficult to assess the longer term implications of this option. On the one hand, local discretion and innovation may make public sector jobs more attractive, but on the other discretion and innovation may come to seem rather empty if the resource shortage is acute. There is also a danger of competing localities and a loss of the sense that the public service is associated with equitable solutions for all citizens. Unified national systems of performance measurement may well be weakened.
 4. *The coping state.* An essentially conservative response, cheese-slicing here and there but not risking a grand strategic plan. It might just work for some of the countries which are better-placed in terms of fiscal soundness, but even there is likely to carry serious consequences for public servants. They may be asked to do increasingly impossible jobs (overloaded, fewer resources) whilst simultaneously facing an erosion of their privileges in terms of job security, pensions and secure salaries. Sooner or later this is likely to raise questions of loyalty to the system.
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What about the citizens?

The changes described in the previous section do not proceed in a vacuum. They inevitably also have effects on citizens' experiences and attitudes to governments and the public services. Some possible effects are the following:

The directing state. The government is seen to be in charge and to have a plan, and is therefore in a better position to call for burden-sharing among different groups in society. The risk, of course, is that the plan does not appear to be working, so that

the initial public sense of 'we don't like this much but we accept that something has to be done' is gradually replaced with 'we have made these sacrifices and still it isn't working – the government is incompetent'. Trusted systems of performance measurement could play an important part here, but not if they are perceived as just 'government propoganda' (Magee et al, 2003)

The hollow state. The service-using public has less and less contact with public officials, and more and more with contractors and sub-contractors. The longer term legitimacy and identity of government may become fragile, especially if privately-provided services appear to be no better than their public predecessors, and/or if serious concerns with equity and access arise, as they tend to do in mainly market-driven allocations of service. Once again, performance measurement is likely to be one (but only one) important factor in the public debate about such issue.

The communitarian state. This is a relatively unknown quantity. It sounds very citizen-friendly, but there are clearly risks of geographical inequities increasing, and of a decline in the extent to which services are 'joined-up' nationally. Some states have more experience of locally-based, community-run public/private partnerships than others, but overall it is an area where there is still a great deal of learning to be done.

The coping state. The main problem here is that there is no clear overall plan of what will happen – nothing for the public to identify with (or argue against). No credible longer term vision. The government may easily appear weak and dithering, while what citizens actually experience is gradually (or rapidly) deteriorating levels of service offered by what is likely to be an increasingly disenchanted body of public service staff.

Concluding reflections

The entire thrust of this analysis precludes the possibility of arriving at any neat 'six steps' type of recommendation. Instead

it emphasizes the crucial importance of a variety of contextual factors which can individually, or more often in combination, strongly affect both the fate of any given performance-oriented reform and the specific character of relations between politicians and administrators.

However, to argue that there is no single 'one best way' or 'best practice' is by no means the same as saying that we have no guidance. As this paper has shown, there are plenty of studies out there with thought-provoking conclusions which bear some relevance for politician/administrator relationships when performance improvement is the priority. But the guidance is more a description of a landscape than a set of precise directions. In effect it warns 'look out for this', 'this hill may be too steep to climb', and 'don't damage that'. It does not say 'first on the right, then second on the left and then go straight on'. Neither does it assume that performance management must always be a good thing, or that it can always be forced to work.

Most fundamentally, it warns us not to treat performance management as technical issue, divorced from the larger framework of institutions and relationships. Further, it suggests that most if not all the tools of performance management need to be assessed for their suitability to the specific context where it is suggested that they should be deployed. Performance-related pay (PRP), for example, tends to work poorly – or even become counter-productive – in contexts where a) political patronage determines most senior appointments, b) the bonuses available are only a very small % of the total remuneration, c) the work is hard to measure in an objective and widely-accepted way, d) there is a lack of managerial capacity in the organization promoting PRP and/or in the organizations where it is being implemented, e) real or perceived issues of favoritism and corruption exist (e.g., Jeannot and Guillemot, 2010; Makinson, 2000; Marsden and French, 1998; Perry et al, 2009; Randma-Liiv, 2005; World Bank, 2001). One implication of this way of thinking is that performance reforms need to be led (or at least strongly informed) by 'insiders' who have an in-

depth knowledge of the organizations where reforms are to take place. External consultants can be extremely useful but they can seldom substitute for an insider's knowledge of context.

One element of the terms of reference for this paper was to offer some comments specifically relevant to Sweden. Readers will appreciate, I hope, that I am not an expert on Sweden – I am a comparativist who knows just a little about Sweden, so that is the vantage point from which my remarks must come. What I have to say will be necessarily tentative and speculative.

Sweden (and the other Nordic states) have a number of strong advantages in the matter of reform. First, the political system itself is stable and broadly consensual – there is no helter-skelter of short-term governments with violently different ideologies. Second, the public service is well-trained and substantially free from both corruption and large scale political patronage. It is generally held in respect by citizens and politicians alike. Logically, then, nothing should be done that would significantly undermine these (fundamental) advantages. Third, most parts of the public service already have experience of performance measurement, in one form or another. It is not a new and foreign idea (as it sometimes has been in other countries) so 'culture shock' should be modest and there should be a good supply of 'insiders' with relevant experience.

Furthermore Sweden has already had considerable experience of moderating excessive levels of public expenditure, and its macro-economic and demographic situation is not nearly as threatening as those of some Mediterranean states or other EU members such as Ireland or Poland (Lodge and Hood, 2012). It has been a strong state and a big state, and remains so, even if it is no longer automatically at one extreme of every OECD table, and has practised moderate liberalisation on and off for two decades (OECD, 2011). In terms of the Lodge and Hood typology (section 7 above) it *could* credibly adopt a directing state approach. On the other hand it is not yet 'hollow' – it has not gone nearly as far as the US federal government, or even the

UK in mass privatisation and contracting out (Pollitt and Bouckaert, 2011). So it could perhaps afford to go a little further down that road without risking the impotence that hollow states are beginning to realize they have let themselves in for. As for communitarianism Sweden (again like the other Nordics) has a long and strong tradition of local government, so is well placed to experiment further with local governance and 'joining-up'. In short, strategically, the basic strength of Sweden's tradition of governance gives it more options than some other states may have, including the possibility of a mixed strategy that preserves existing strengths while experimenting with new forms.

Operationally, however, what is challenging is the need to tighten the actual implementation of performance management at the same time as making further expenditure savings. Sweden is one of a number of countries where the outward form of a modern performance management system has not always produced a real performance-oriented culture, a culture in which operational and policy staff alike hold measured performance as central to their roles (Sundström, 2006).

If breathing real life into performance management systems is the aim, then the tentative lessons of past reforms might include the following:

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- There is a need to make a case for performance management reform – over and over again – to the staff who will have to implement it, and to show that this particular reform is likely to deliver changes that are professionally, socially and politically valued. This will require leadership – preferably at *both* the political and the official levels.
 - There is a need to focus on, first, relevance and, second, fairness. Many performance management schemes have been weakened or resisted because staff could not see how they would contribute to the organizational goals which motivated them, or because their impacts did not appear to

be fair. This implies a degree of staff participation in the design and on-going refinement of the system. And it takes time.

- It may well be necessary to form some more explicit linkages between the achievement of performance targets and individual careers. This is a very delicate issue, and needs to be tailored to the local task and culture. Too tight a link, and one slides into a punitive regime, which is resisted and disliked by the staff who are subject to it. Too loose, and some staff will continue to see performance targets as just a formality, or an 'optional extra', or something imposed from above and not really part of their career (Propper et al, 2008).
- Building one all-encompassing performance measurement system across the whole public sector may be doomed to failure. Different tasks need to be measured in different ways and, beyond that, measurement can play different roles in different types of activity (for a classic statement of this see Wilson, 1989; for a specifically Swedish expression of a similar idea, see Betäkande av Styrtredningen, 2007).
- While the logic of paying attention to outcomes is cogent, outcomes are often unsuitable as criteria for judgements about the success or failure of particular organizations and groups of staff. Outcomes are frequently influenced by a host of factors, some of which will be beyond the control of the managers of particular agencies or ministries (Pollitt and Bouckaert, 2011, pp143–144; Pollitt and Dan, 2011, pp10–17). In many cases outputs may provide a better basis on which to assess the performance of individual organizations and their staff.
- Where public tasks are contracted out great attention needs to be given at the contract design stage to what the performance reporting requirements and public accountability arrangements should be.

- There is a need to monitor implementation closely over time, not just 'launch and forget' a set of targets or a new scheme. Many reforms which look weak after six months or one year later become more accepted and effective. Others start well in a blaze of enthusiasm and publicity and then wither away. Without independent monitoring the government cannot know what is happening in the medium and longer term
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When we come to the political interface the challenge is even greater. There is a need to convince busy politicians that the better performance management will produce something of interest and immediate value to them. In many cases, in many countries, performance information has been either ignored or only used opportunistically by politicians. Even ministers have often sometimes shown only lukewarm interest. So reformers need to ask themselves 'why should this be different this time?' At this point expert opinions seem to diverge. Some concern themselves with all sorts of ways to increase the attractiveness of performance information – new ways of presenting the data, new ways of linking it to other issues or events that the politicians are already involved in. Others draw the conclusion that politicians' use of performance data will always be episodic and opportunistic. They argue that, realistically, performance data is mainly produced by operational staff and managers for other managers, and that the best they can hope for is the minister's attention once or twice a year at the results meetings. From this perspective the most important thing is to make the data accurate, up-to-date and trustworthy for *managers*. I cannot adjudicate between these alternative ways of thinking, except to observe that contextual factors may, once again, influence how receptive politicians are to performance data. Sweden may be one of the states where circumstances are not so unfavourable as to make reformers give up hope of engaging at least some politicians in evidence-based performance dialogues. Yet, even if this is so, it will remain true that, overwhelmingly, the most

regular and systematic use of performance data is by managers. If *they* are uninterested by, or untrusting of, the data then performance *management* will not work anyway.

Moving back from Sweden to a more general level, I conclude with five very broad observations about performance management schemes internationally. [By 'performance management' I include performance indicators and measurement activities plus the whole array of processes that may or may not be connected to them, such as individual appraisal, levels of organizational autonomy, and/or budgets.] First, in the past, many such schemes have failed to show credible positive results, although some have been successful. The historical record is patchy, to say the least. Second, a range of contextual factors appear to account for the high degree of variation – these need to be taken firmly into account in any future attempted reforms. Third, performance management nevertheless remains an immensely powerful idea – and not just within NPM thinking – and it is hard to see how a modern state could entirely do without it. Fourth, looked at from an international comparative perspective, Sweden is one of those countries which is fortunately in a rather strong position further to improve its performance management systems but may need a differentiated approach, with close attention to the detail of implementation. Fifth, and finally, to connect back to the discussion of politicians and administrators in section 6, it may be that what we are seeing in a number of countries is the emergence of a more differentiated higher public service. One senior group will be the policy advisers, policy diplomats and 'fixers', closely attuned to the day-to-day imperatives of the political lives of their ministers. The other will be top executives, armed with a range of modern management skills and techniques (very much including locally-adapted versions of performance management) and focused on steering public organizations within increasingly complex environments. The criteria for 'success' would vary between these two groups. The danger, of course, is that relationships between them could become distant or hostile, so that the age-old tensions between

policy and implementation would re-emerge in newly destructive forms. The challenge is to preserve and promote mutual understanding and co-operation between two emerging, and somewhat contrasting, sub-cultures.

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Annex

Table 2: Contextual influences on public management reforms

Contextual influence	Scale of influence	Time needed to achieve change	Direction (supports or inhibits NPM)	Examples	Comments
1. Politico-administrative culture	National, sectoral	Medium to long term	Studies of countries with a <i>Rechtsstaat</i> administrative tradition have typically found politico-administrative culture to inhibit NPM-type reform. Post-communist cultures (CEE), for example, may allow the reform to take place but subvert its implementation	Brunetta, 2009; Capano, 2003; Lagreed et al., 2008; Nemeč, 2007; OECD, 2010; Pollitt and Bouckaert, 2011; Torres and Pina, 2004	The politico-administrative culture in a number of countries in CEE and elsewhere in Europe (e.g., in Italy or Spain) has often been characterized by excessive legalism, low citizen trust and confidence in the public sector, poor satisfaction with civil servants, lack of transparency and issues of patronage and corruption.
2. Structure of the political system (e.g., centralized/decentralized; majoritarian/consensual)	National	Medium to long term	Supportive or inhibiting of NPM-type reforms, depending on the characteristics of the political system	Askim et al., 2010; Christensen, 2001; Minvielle, 2006; Norges Forskningsråd, 2007; Pollitt et al., 2004; Pollitt and Bouckaert, 2011; Roberts, 1997	Major differences exist between the incremental decision-making process (in e.g., Germany or Norway) compared to the majoritarian and centralized political system in the UK. The latter facilitates the implementation of rapid and large-scale reforms.
3. Rapid turnover of governments and/or rapid change in governmental structures and functions and ministerial appointments	National, sectoral, ministry-level or organizational	This can be short term, but more often it is a medium term pattern of government instability	Tends to reduce the continuity and coordination of reform efforts in time or across government	Dunleavy and Carrera, 2011; Meyer-Sahling, 2009; Verheijen, 2007, p. xvi	A particularly common factor in CEE, but not exclusively a CEE problem (see e.g., Dunleavy and Carrera for an example of the UK Department of Work and Pensions). The EU accession efforts in Romania and in other CEE countries are often said to be a main driver, accepted by parties across the political spectrum. This helped to improve the continuity of reform efforts in the pre-accession period, despite government changes.

Contextual influence	Scale of influence	Time needed to achieve change	Direction (supports or inhibits NPM)	Examples	Comments
4. Lack of current administrative capacity (e.g. weak or inadequate contract management skills, strategic planning skills or leadership skills)	National, sectoral or organizational	Medium term – a long-standing skill deficit will take resources and typically years rather than months to remove	Potentially severely inhibiting of reform. May mean that reform cannot be rolled out but can only be implemented in a few specially resourced and staffed model projects	Baggott, 1997; Edlerbos and Klijn, 2009; Hammerschmid et al., 2011; Kullinam et al., 2006; Lember, 2008; Macintali, 2000; Meyer-Sahling, 2009; NAO, 2009; Nemeec, 2008; Promberger, 2008; Randma-Liv, 2005; Verheijen, 2007; Verhoeve, 2005; Yesilkagit and De Vries, 2002	Common in CEE countries. However, this factor was also found to be important in a number of countries in the West, including the UK and Germany. Experience of working closely with the private sector and the possession of leadership skills have been found to be positively associated with good performance.
5. Socio-demographic characteristics of geographical areas, service users or citizens	Regional or local	Usually medium to long term. The socio-demographic characteristics of particular localities do change, but usually not overnight.	Particular user characteristics may help or hinder NPM type reforms. In education, for example, simple versions of parent choice tend to advantage the more mobile, better-informed middle class families	Andersen, 2008; Wilson and Peabala, 2008; Aun et al., 2005	The performance of students in the Danish public school system, for instance, has been influenced more by their socio-economic status than by the introduction of performance measurement (Andersen, 2008).
6. Need for non-standard individual treatments of service delivery (i.e. the task itself is complex and variable)	Organizational and sometimes sectoral	In so far as this need is embedded in the structure of the task, it may well be difficult to change in the short term. It sometimes alters with technological change in the longer term.	Typically at odds with the NPM focus on standardization in order to achieve efficiency and quality control. Potentially leading to major distortions and user dissatisfaction with the service	Harrison and Pollitt, 1994; Mately and Mothanna, 2007; Pollitt et al., 1998b; Pollitt et al., 2004	Particularly relevant to social and human services. The NPM focus on rapidly and efficiently in service delivery was found to negatively affect users' satisfaction with the service in sectors such as employment services (Dvay, 2009), hospitals (Balogay, 2010) and police (Mately and Mothanna, 2007). Problems include professional resistance to loss of discretion, plus possible gaming of performance measurement systems. This is a particularly salient factor in the French NPM literature, but also occurs elsewhere.

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7. International (external) pressure for reform	International (though it may be focused on specific organizations or sectors)	Short to medium term	Supportive of reform – though not necessarily the most appropriate types of reform. Relaxation of international pressure may result in a weakening of the reform programme (Meyer-Sahling, 2009)	Arndt, 2008; Meyer-Sahling, 2009; Nemeec and Kolsichnerko, 2006; Pollitt, 2010	Pressure from the World Bank and the IMF, for instance, for market-type healthcare reform in a number of CEE countries proved influential but misplaced since these countries were unprepared for such reforms.
8. Organized resistance from stakeholders	National, sectoral or local	Short to medium term	Inhibiting or possibly preventing NPM-type reforms	For professional resistance see Harrison and Pollitt, 1994; Matelly and Mouhanna, 2007; Pollitt et al., 1998b; Pollitt et al., 2004. For union resistance see Capano, 2003; Emery and Glaucque, 2001; Hondegthem and Depré, 2005	Highly qualified professionals typically resist the NPM focus on standardization. Opposition from labor unions was a key factor that inhibited and even prevented the full implementation of the Copernicus reform in Belgium (Hondegthem and Depré, 2005).
9. Sudden accidents or scandals	Organizational	Short term in the sense that they are unpredictable, but may have longer term consequences if rules and structures are changed	Typically stimulating reform, although a major scandal or disaster may inhibit or even prevent reform	Bauer, 2009; Pollitt and Bouckaert, 2011; Pollitt et al., 2010	For example, the scandal preceding the Kinrock reforms in the EU Commission stimulated the decision to implement comprehensive reform.
10. Contextual features influencing performance targets and other performance incentives	National, sectoral, organizational	Short to medium term	Performance management schemes are likely to yield negative results and be unsustainable if poorly defined and/or implemented in a highly politicized context	Andersen and Pallesen, 2008; Kelman and Friedman, 2009; Nemeec, 2007; Pollitt et al., 2010; Propper et al., 2008	Particularly relevant to health and education, but also to employment services. Examples have been identified in a number of countries including the UK, the Netherlands, France, Denmark and Slovakia.

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11. Contextual features affecting performance-related pay (PRP)	National, sectoral, departmental	Short to medium term	PRP only works well when perceived as supportive, motivational, fair and clear. If otherwise it can lead to negative consequences, such as lack of cohesion, decrease in staff collaboration and lowered morale	Emery, 2004; Jeannot and Guillemot, 2010; Makinson, 2000; Marsden and French, 1998; Randma-Liiv, 2005; World Bank, 2001	The existence or lack thereof of managerial capacity has been found to be a critical factor. Likewise, political patronage, favoritism and corruption, small bonuses, the difficulty of measuring results objectively and the lack of legitimacy of the scheme have been found to negatively affect the effectiveness and sustainability of PRP schemes.