New Public Management & Organizational Change in Our Time

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PRESENTATION VID SVERIGES LANTBRUKSUNIVERSITET

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The New Public Management debate – obscuring other interesting trends in the public administration

Organizational change – incremental and careful changes pivotal in the public sector.

Leadership and culture will become increasingly important, as motivation theory again is put on the agenda.
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Research areas: Public Administration & Management Studies

- Public Governance and performance management (central government in particular)
- Parliamentary audit (National Audit Offices)
- Organizational culture, professions and organizational change

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Agenda

1. New Public Management – and other trends in the public administration

2. Organizational change - in general and in the public sector in particular

How do these two connect?
Why all this measuring, administration and governance?

Costs, quality, motivation, responsiveness…
New Public Management

The Audit Society (Power 1996)
The Evaluation Monster (Utvärderingsmonstret, Lena Lindgren, 2006)
The Administration Society (Anders Forssell & Anders Ivarsson Westerberg, 2014)
Some of the problem with today’s NPM debate:

1. **Obscurity**
The NPM concept is used as if NPM was a coherent set of ideas - which it is not.

2. **Unjustified Polarization**
NPM has become something of a ghost in the debate. Few people dare support it or put it in a perspective.

3. **Large groups are made suspects**
Managers and private service providers on public funding are made suspects.

4. **Other trends are ignored**
Some of the features of our time can be explained by other trends, but with this large focus on NPM, these tend to be ignored.

*Ref: Bringselius, Louise (2015-06-20) ”Sverige behöver en mer nyanserad debatt om NPM”. Dagens Nyheter.*
What is New Public Management (NPM)?

A disperse set of ideas on how to modernize the public sector, increase its efficiency and in general improve its performance.

The private sector served as a role model. New institutional economics (neo-liberal) origin.

No coherent logic or ideology. Several of the doctrines are more or less contradictory.

Professor Christopher Hood, Oxford University

The 7 doctrines of NPM (Hood 1991):

1. Hands-on professional management in the public sector. / Off. organisationer ska ledas av **opol.** förvaltningschefer m stort handlingsutrymme.

2. Explicit standards and measures of performance. / I styrn. ska prestationsmättn. vara central o bygga främst på kvantifierbara mått.

3. Greater emphasis on output controls. / Inom myndigheter ska man delegera resultatansvar till lokala enheter.


5. Shift to greater competition in the public sector. / Man ska sträva efter konkurrens.


7. Stress on greater discipline and parsimony in resource use. / Ekonomisk återhållsamhet och arbetsdisciplin ska prioriteras.

**Agencies**
(Fristående myndigheter)

**MBO**
(Mål- och resultatstyrning)

**Marketisation**
(Marknadslösningar)
The NPM ideas emerged as a response to demands from the citizenry. These aimed to...

...provide opportunities for personal choice
...increase employee autonomy and motivation
...increase innovation
...reduce the politicization of the administration
...improve service quality
...increase efficiency
Ideas in the end of the 1980ies in Sweden
(The Parliamentary Power Investigation, 1990)

"...Men medborgarnas önskningar kan översättas till kollektiva val även genom andra samhällsorganisatoriska principer än majoritetsbeslut och offentlig förvaltning. Demokratin står och faller inte med staten som serviceproducent. Politik i denna mening kan därför mycket väl komma att reduceras.
Å andra sidan fordrar ett öppet samhälle med en mångfald autonoma institutioner någon metod för att lösa autonomikonflikter, **trygga medborgarnas grundläggande rättigheter och kontinuerligt följa och granska systemets praktiska funktionssätt**. I enlighet med demokratins grundtanke fylls dessa uppgifter bäst av inför folket ansvariga representanter. Politik i denna mening får därmed snarast en ökad betydelse. Inte minst stiger kraven på politikens kunskapsunderlag och på det offentliga samtalets opinionsbildning.”
(Maktutredningen 1990)

"Vid ingången till 1990-talet är demokratidebatten av särskilt stor vikt eftersom det i många länder pågår en omprövning av vilken roll politiken och den offentliga sektorn bör spela i samhällslivet. En central fråga är **vad som skall göras till föremål för kollektiva beslut och vad som bör överlåtas till den enskilde, till grupper av medborgare eller till autonoma institutioner utan löpande inblandning från den centrala statsmakten.**
En huvudfråga när det gäller att finna en ny balans mellan ett samhällscentrerad och en individcentrerad syn är hur man kan förena önskan om social trygghet på grundval av gemensamma ordningar med önskan om individuell valfrihet. Ytterst är detta en fråga om hur man kan kombinera fria personliga val med solidarisk gemenskap.”
(Maktutredningen 1990)
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"What killed Mr B?"

(The heading of the first part of Maciej Zarembas article series in Dagens Nyheter, 17 Feb. 2013)
”The diagnose was cancer. But it was not the tumour which took his life. Today, Maciej Zaremba starts a series of articles on the absurd consequences of a secret system change in Swedish health care.”

(Dagens Nyheter 17 Feb. 2013)
Criticism against the amount of audit…

The Audit Society

- Critical to the increased focus on audit and evaluation in society.
- Talks of audit as a ritual without an actual value of its own. The primary purpose is to provide legitimacy to organizations and practices, rather than to actually improve these.
- Critical in particular to quantitative measures.
- Audit said to 'colonize' organizations, since this clearly affects behaviours.
- Audit is connected to NPM and to a general criticism against economics and neo-liberal market models.
…and criticism against the lack of audit

Where were the auditors?

A crisis of trust and legitimacy in the audit business.

Poor control of compliance, poor ethics, poor accountability structures.

- The Panama scandal
- The Swedbank scandal
- The SCA scandal
- The Arla scandal
- The Kommunal scandal
- FIFA
- Enron & the financial crisis 2008

But also cases such as the Macchiarini case, the Thomas Quick case, and Riksrevisionen.
Barnen fick flytta hem igen

Socialtjänsten ansåg att kvinnans barn för illa och omhändertog dem. Men nu får de bakläxa.

"Men längt om ut. Allt är falskt."

Max Wimranter

Sydsvenska Dagbladet 17 okt 2016
Humphrey & Owen (2000) crucial to Michael Power's book:

- Evaluation can be used as a positive power aiming to promote positive change, if you design it to include social responsibility.
- The design of audits will mirror fundamental values in society.

“…we suggest that it is vitally important in the audit arena to focus particular attention on the second word in the title of Power's book - namely, society. We should not only be asking what is being achieved in the name of audit, but also addressing some very basic matters regarding the type of values that society wishes to prevail. If discussions on audit proceed in isolation of such issues, it is unlikely that we will ever get the ‘audits’, let alone the society, that we really want.”

(Humphrey & Owen 2000)
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"...att verksamheten ska ”granskas”. Det låter självklart, men innebär just det grundproblem som korrumerar alla värden inom olika sektorer och omvandlar dem till numeriska (ekonomiska) värden, som introducerar pseudo-kvantiteter och låter managers styra över professionerna, det vill säga över de yrkeskompetenta, och som således innebär avprofessionalisering.”

(Jens Stilhoff Sörensen,
PhD at Göteborgs universitet, DN 22 juni 2015)

"...that the organization should be "evaluated". This sounds obvious, but it means that the fundamental problem, corrupting all values in different sectors and changing them to numeric (economic) values, that introduce pseudo-quantities and allow managers to govern over professions, meaning those competent in the work, and which thus also means de-professionalization.”

(Fil dr Jens Stilhoff Sörensen, Göteborgs universitet,
DN 22 juni 2015)
"New Managerialism"

(Professional managers without a background in the profession which dominates the organization)
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NPM

More audit / administration and less professional autonomy

Call for more professional autonomy

Increased ambition concerning legality, equal treatment, transparency (NWS)

Administrators made redundant
• Too strong belief in people’s ability to use incentives to govern and manage organizations (top-down).
• A general tendency to reduce overhead costs by transferring these tasks from administrators to professionals.

...However, the reduced professional autonomy also springs from below, from the citizenry, demanding influence, choice and security.
Three governance principles (logics) which need to be balanced

Ref:
New Weberian State (NWS)

Three key parts in today’s bureaucratic trend:

1. Legality, equality before the law (Rättssäkerhet)
2. Transparency
3. Standardized evidence-based practice
<table>
<thead>
<tr>
<th></th>
<th>Market / NPM</th>
<th>Profession</th>
<th>Bureaucracy / NWS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main actor</td>
<td>Market</td>
<td>Professions</td>
<td>Citizens &amp;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>administration</td>
</tr>
<tr>
<td>Governance mechanism</td>
<td>Competition</td>
<td>Collegiality</td>
<td>Regulation</td>
</tr>
<tr>
<td>Democratic transparency</td>
<td>Limited</td>
<td>Limited</td>
<td>High</td>
</tr>
<tr>
<td>and political control</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access through...</td>
<td>Competition, public procurement</td>
<td>Certification, exam</td>
<td>Monopoly</td>
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*Ref:* Bringselius, Louise: Det offentliga uppdraget i vår tid: Mellan marknad, profession och byråkrati (kommande bok)
<table>
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<td>Medborgare / förvaltning</td>
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<td>Styrmekanism</td>
<td>Konkurrens</td>
<td>Kollegialitet</td>
<td>Reglering</td>
</tr>
<tr>
<td>Demokratisk insyn och politisk kontroll</td>
<td>Begränsad</td>
<td>Begränsad</td>
<td>Betydande</td>
</tr>
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Bringselius, Louise: Det offentliga uppdraget i vår tid: Mellan marknad, profession och byråkrati (kommande bok)
"Det demokratiska idéarvet innehåller ett antal principer som utgör en gemensam nämnare för samhällets olika institutioner. Medborgaren i en demokrati är tillförsäkrad personlig integritet, fri- och rättigheter, rätt till självutveckling och skydd mot diskriminering. **Rättsliga aspekter ökar snarare än minskar i betydelse.**

Uppmärksamheten riktas också mot sådana förhållanden som förhindrar förverkligandet av det jämliga medborgarskapet. Särskilt betydelsefulla blir därmed de strukturer och under- förstådda ordningar som innebär manlig överhöghet och särbehandling av kvinnor och män.”

*(Maktutredningen 1990)*

The bureaucratic trend was noted already in the parliamentary investigation in 1990 (Maktutredningen):
"Professionalism nedvärderas i den marknadsstyrda staten"


(DN Debatt 2012-10-26)
"Professionskramande är ingen (självklar) lösning"


(DN Debatt 2014-10-06)
Can we always trust professionals?

Two approaches to professions and professionals:

**The naïve approach**
The idea that professionals always are governed by a professional ethics emphasizing what is best for the client and for the society.

**The cynical approach**
The idea that professionals are governed by ambitions to increase their own autonomy, in order to strengthen their own power and promoted their own agendas.

Ref:
Some explanations to increased measuring and administration:

- Fewer professional administrators. Administrative tasks are instead put on other professionals.
- Fewer and larger organizations in the administration (after mergers)
- The analytical capacity at the organizational top ("skrivbordsgeneraler")
- The belief in extrinsic rewards to promote performance.
- Digital solutions make it possible to measure more.
- Citizens demanding more transparency and legality, but also commensurality for public choice and public accountability.
- Marketization
A problem with today’s focus on incentives and extrinsic rewards:
People are motivated in different ways.

- Most employees in the public sector are motivated primarily by intrinsic rewards. They want to feel that there is a deeper meaning to their work. But there are also those who are motivated primarily by extrinsic rewards, such as pay and other rewards. *(inifrån-motiverade vs utifrånmotiverade)*
- If you expose people who need intrinsic rewards for extrinsic rewards, this will tend to result in lower motivation.

Referens:
Some people need management and control to motivate themselves to perform, whereas others feel the opposite.

→ Management approaches must be adjusted (authority/trust)

Ref:
How much measuring and control is required?

→ This depends on what issue is controlled, what the purpose is, what people are involved, and so on.

1. Audit aimed at promoting efficiency (NPM)
2. Audit aimed at promoting quality
3. Audit aimed at promoting legality (rättssäkerhet) (NWS)

"Soft autonomy"

Let the employees be part of the process, when performance measures and incentives are designed. (Part of the bureaucratic logic – standardized evidence-based practice).
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How do these two connect?
How many of all attempts at organizational change are successful?

25-50%

Primary reason: Failure to gain employee support
Why do people resist change?
Resistance –

a matter of fear of change,

anxiety or comfort?
The anxiety curve ("Ångestsvackan")
A commonly used – but highly problematic – consultancy model of employee resistance
Two central dimensions, when attempting to explain resistance to change

1. The character of objections:
   Flexible or fixed?

2. Reasons for objections:
   Emotional or cognitive (cf rational)?

Source: Bringselius 2014 (Organization Development Journal)
Antaganden om orsak till invändningarna

<table>
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<tr>
<th>Rationellt grundade*</th>
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*) I grundmodellen står det kognition, vilket kan liknas vid rationalitet.

Källa: Bringselius 2014
Cause of objections

Nature of objections

Flexible

Non-flexible

Cognition

Opinion
Strategy: Dialogue

Alarm
Strategy: Adjustment

Emotion

Resistance/Trauma
Strategy: Therapy

Resistance/Disposition
Strategy: Exit

Source: Bringselius 2014 (Organization Development Journal)
Ledningsstrategier

![Diagram](image-url)

- **Antaganden om orsak till invändningarna**
  - Rationellt grundade*
  - Emotionellt grundade

- **Åsikter**
  - Dialog

- **Visslande/larm**
  - Anpassad planering

- **Motstånd som trauma**
  - Terapi

- **Motstånd som personlighet**
  - Stöd/exit

*) I grundmodellen står det kognition, vilket kan liknas vid rationalitet.

Källa: Bringselius 2014
How does organizational change typically unfold?

Idén om undantagstillstånd
Window of change

(Inspiration: The iceberg model by Lewin, 1951)
Problems with change methods

…but also with motives for change.

• Change aimed to show the executive abilities of management
• Change aimed to replace specific staff
• Change aimed to copy others (isomorphism)
Classic article in organization theory on legitimization:

Meyer & Rowan 1977 "Institutionalized Organizations: Formal Structure as Myth and Ceremony" (American Journal of Sociology)

Change made legitimate based on prevailing norms, to signal modernity.

Change fundamentally motivated primarily by the wish of managers to be perceived as knowledgeable and executive.
Meyer & Rowan (1977):

"Formal organizations are generally understood to be systems of coordinated and controlled activities that arise when work is embedded in complex networks of technical relations and boundary-spanning exchanges. But in modern societies formal organizational structures arise in highly institutionalized contexts. Professions, policies, and programs are created along with the products and services that they are understood to produce rationally. This permits many new organizations to spring up and forces existing ones to incorporate new practices and procedures. That is, organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized in society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures."
Management ideals in the 2010s

What does NPM do to assumptions on the individual employee?

Assumptions on the employee

The employee assumed to maximize security and minimize effort (X Theory)

vs

The employee assumed to be committed and motivated by nature (Y Theory)

(Douglas McGregor: The human side of enterprise)

→ A tendency for expectations to become self-fulfilling.
The importance of preserving trust in public sector organizational change

Managers' ability to preserve employee trust through the change process is pivotal for outcomes (Cho & Ringquist 2010).

Cho & Ringquist (2010), J-Part: "Managerial Trustworthiness and Organizational Outcomes"
At the same time:

Public organizations are required to

**minimize citizen risk exposure**

Citizen rights (and obligations) at the centre.

→ Changes must be implemented gradually and
be based on a thorough assessment of risks and consequences.

...and to

**comply with public policy**
and respect legal frameworks
Leadership and culture
A possible counterweight against the control enthusiasm often associated with NPM

Governance by norms
Governance by rules
→ We need both

There is also a need for a growing awareness of what makes the public sector special and a sense of pride to be part of it - cultivating traditional public service motivation.

Bringselius, L. (okt. 2016)
Ledarskap och kultur i svensk förvaltning: Idén om brådska och andra förklaringar till vår tids etikproblem. Organisation & Samhälle (www.org-sam.se)
...cultivating traditional public service motivation....

”Den supereffektiva människan blir till slut tom på tankar och känslor”
(DN Kulturdebatt 14 sep 2016)

”The super efficient individual will end up empty of thoughts and feelings”
(DN Kulturdebatt 14 sep 2016)

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