

Origin and theoretical basis of New Public Management

Gernod Gruening*

Arbeitsbereich Public Management, Hochschule fuer Wirtschaft und Politik, Hamburg, Germany

Abstract

The article describes the characteristics of New Public Management (NPM) and gives a cursory overview of the development of the behavioral-administrative sciences and their relation to NPM. A descriptive model of the behavioral-administrative sciences is developed that pits three internally consistent scientific worldviews that are incommensurable to each other. From this, the theoretical origins of NPM can be traced to a variety of theoretical perspectives. Although the special mix of characteristics of NPM is new, it does not represent a paradigm change. Indeed, it is improbable that there will ever be one paradigm for the behavioral-administrative sciences; and without an accepted paradigm, a paradigm change is not really possible. © 2001 Elsevier Science Inc. All rights reserved.

1. Introduction

From where does New Public Management (NPM) come? The conventional wisdom holds that NPM has its origins in public-choice theory and managerialism (Aucoin, 1990, pp. 115; Dunsire, 1995, pp. 21–29; Lueder, 1996, pp. 93; Naschold et al., 1995, pp. 1–8; Reichard, 1996, p. 245f; Schedler, 1995, p. 155). Does this formula fit, and is it exhaustive? Moreover, is NPM really new? Finally, does NPM represent a paradigm change, as some writers claim (Aucoin, 1995, p. 3; Borins, 1994, p. 2; Kamensky, 1996, p. 250; OECD, 1995, pp. 8, 25; Osborne and Gaebler, 1993, p. 321; Reinermann, 1995, p. 6)?

To answer these questions, I describe the development of administrative thought in the U.S., the home of public-choice theory and managerialism. I focus on the U.S. because it dominates theoretical developments in the behavioral-administrative sciences, owing in part to the sheer size of its academic establishment, its diversity, and the richness of its approaches. On the presumption that the attempts of practitioners, consultants, and scientists

* Tel.: 49-040-4329-0676; fax: 49-040-4329-0469.

E-mail address: gernod.gruening@hamburg.netsurf.de (G. Gruening).

Table 1
Characteristics of the New Public Management

Undisputed characteristics (identified by most observers)	Debatable attributes (identified by some, but not all, observers)
Budget cuts	Legal, budget, and spending constraints
Vouchers	Rationalization of jurisdictions
Accountability for performance	Policy analysis and evaluation
Performance auditing	Improved regulation
Privatization	Rationalization or streamlining of administrative structures
Customers (one-stop shops, case management)	Democratization and citizen participation
Decentralization	
Strategic planning and management	
Separation of provision and production	
Competition	
Performance measurement	
Changed management style	
Contracting out	
Freedom to manage (flexibility)	
Improved accounting	
Personnel management (incentives)	
User charges	
Separation of politics and administration	
Improved financial management	
More use of information technology	

to reform administrative organizations and delivery systems are influenced by their disciplinary socialization and training, this survey will examine whether theoretical concepts other than public choice and managerialism have influenced NPM.

2. Characteristics of New Public Management

The NPM movement began in the late 1970s and early 1980s. Its first practitioners emerged in the United Kingdom under Prime Minister Margaret Thatcher and in the municipal governments in the U.S. (e.g., Sunnyvale, California) that had suffered most heavily from economic recession and tax revolts. Next, the governments of New Zealand and Australia joined the movement. Their successes put NPM administrative reforms on the agendas of most OECD countries and other nations as well (OECD, 1995).

Only later did academics identify the common characteristics of these reforms and organize them under the label of New Public Management (Dunsire, 1995, p. 21). These common attributes of NPM—undisputed characteristics that are almost always mentioned by academic observers—are listed in Table 1, along with a few debatable attributes that are included by some but not all observers (see, for example, Borins, 1994, 1995; Boston, Martin, Pallott, & Walsh, 1996; Buschor, 1994; Gore, 1994; Hood, 1991; Nashold et al., 1995; Reichard, 1992; and Stewart and Walsh, 1992).

3. The development of administrative thought in the United States

The conscious study of public administration in the U.S. began in a time when its public administration was in a state of disrepute. In the late 19th century, the administrative mechanisms in the U.S. were dominated by the spoils system—administrative positions were distributed to those who contributed to the victorious party's electoral success. Administrative personnel, therefore, changed frequently. Incompetence, inefficiency, and corruption were common (Weber, 1956, p. 839ff; Van Riper, 1987; Stone and Stone, 1975; Schachter, 1989).

In reaction to this corruption, the Progressives created a movement to reform politics and administration, pressing for a more interventionist state, the separation of politics and administration, the merit principle (tenured, neutral, and competent administrators), and sound financial management. The Progressives achieved several notable successes: a career civil service (Pendleton Act, 1883), line-item budgets, and less political partisanship and corruption (Eisenach, 1994; Lee, 1995; Waldo, 1948).

3.1. *Classical public administration*

In the Progressive movement, the New York Bureau for Municipal Research was a key player. Influenced by Frederick Taylor's scientific management, the New York Bureau believed that efficiency was the best solution to the problem of corruption and incompetence. These progressive reformers imported techniques and studies from scientific management (e.g., on efficient street paving and snow removal). They were the first to use performance indicators to benchmark the efficiency of public organizations, one purpose of which was to identify corruption (Schachter, 1989). In the 1920s, some practitioners and academics created the science of public administration on the fundamentals of the progressive reform successes—particularly the presupposition of loyal bureaucrats, honest politicians, and the politics-administration dichotomy. These reformers—the new scientists of public administration—built a theory of organization that they supplemented with the concept of management.

These principles were:

- The principle of division of work and specialization.
- The principle of homogeneity.
- The principle of unity of command.
- The principle of hierarchy with respect to the delegation of authority.
- The principle of accountability.
- The principle of span of control.
- The staff principle (Gulick, 1937; Urwick, 1937; Mooney, 1937; Graicunas, 1937).

The reformers expected public managers, working within organizational structures built on these principles, to perform the following functions: Planning, Organizing, Staffing, Directing, Coordinating, Reporting and Budgeting—or, in Luther Gulick's shorthand: POSDCORB (Gulick, 1937, p. 13). The reformers also advocated reorganization to streamline

and consolidate organizations and to standardize administrative procedures (Lee, 1995; Henry, 1975; Arnold, 1995).

During the New Deal of the 1930s, the scope of government activity and the public administration of the U.S. was dramatically expanded—but still guided by the principles of public administration. The New Deal followed (and realized) the societal vision of the progressives. Government in the U.S. became more involved: it regulated more activities; it followed social-democratic ideals; it seemed to be built on scientific objectivity; and it promised material freedom (Egger, 1975; Waldo, 1948; Van Riper, 1987).

I call this cluster of organization and management concepts and the closely related ethos of orderly government an active state, and label the belief in objective knowledge that serves to control the social and physical environment classical public administration.

3.2. Neoclassical public administration

After World War II, academics began to reassess and question the principles of classical public administration. One of the most rigorous critics was Herbert Simon, whose work set the tone and direction for neoclassic public administration. His dissertation, with the title *Administrative Behavior: A Study of Decision-Making in Administrative Organization*, contained the buzzwords of the era: behavior, decisions, and organization.

Simon said that the principles of administration are not scientific, but inconsistent proverbs that were drawn from common sense (Simon, 1976). He suggested founding public administration on rigorous and scientific observation and on (inductively) derived laws of human behavior. He advocated separating facts from value judgments and dividing science into pure and applied branches (Simon, 1976; Simon, Smithburg, & Thompson, 1962). From this perspective, objective scientific knowledge serves to control the social environment.

Simon's ideas significantly influenced a host of scholars who undertook studies of behavior and decisions in administrative organizations and created a new, more precise vocabulary and research methodology. This neoclassical public administration (and Simon himself) followed the common trends of behaviorism, structural functionalism, and systems theory, and employed the theoretical underpinnings of welfare economics and decision theory.

Nevertheless, during this time, governmental reformers continued to follow the Progressives' ideals and classical theory: organizations and jurisdictions were streamlined and consolidated; executive power was strengthened and unified.

Still, the main practical event of this period was the invention of the Program, Planning, and Budgeting System, or PPBS (Waldo, 1969). PPBS was based on microeconomic decision techniques and a strong belief that central planning of the national administration (and economy) could lead to successful optimization. PPBS applied the logic of systems analysis and rational planning, and employed the systems-theoretical vocabulary of inputs, throughputs, outputs, outcomes, programs, and alternatives (Schick, 1966; Greenhouse, 1966; Gross, 1969; Schick, 1969). Unfortunately, the implementation of the PPBS suffered serious shortcomings, the system never worked as intended, and in 1972, the U.S. government formally terminated it (Schick, 1973).

So, while neoclassical public administration seemed to alter its standards and methodol-

ogy, practice continued to rely on the principles of the classics and on the administrative strictures of the Progressives (Lynn, 1996; Kramer, 1987). Thus, advocates of the neoclassical approach adapted themselves to the principles and structures of classical public administration and carried them on, improving the analytical basis for performance measurement, auditing, budgeting, and the rationalization of jurisdictions and organizations. What they especially added was a focus on analysis and a shift from a bureaucratic management style toward a more rational and analytic one.

But there were other indirect consequences of the neoclassical approach. Social science research about organizations, behavior, and leadership was finding that human beings are complex (Schein, 1965), that modes of leadership other than the classical, directive style are possible, and that organizations can be structured not only in mechanistic but also in organic ways (Burns and Stalker, 1971). These findings didn't have direct, practical, consequences, but they were generating interest in the academy.

Another consequence of neoclassical reassessment was that public administration lost its unity (Waldo, 1965). A lot of scholars did follow Herbert Simon's lead—but not all. Some felt unqualified to use the new scientific standards and thus continued doing what they did before; so the classical approach not only survived in the Progressive structures of practical government but in public-administration theory, too. Other scholars refused to accept the separation of facts and values, because they thought this would cut off public administration from its foundations—from political philosophy and the search for the public interest (Waldo, 1965; Subramaniam, 1963).

Thus, at the end of the 1960s, the field of public administration included a classical line of thought, a neoclassical line of thought, and a group of politically oriented scholars. Still, these divided groups did share one common creed: the Progressive vision of an active state and belief in objective knowledge. But other scholars were creating new approaches that seriously questioned this basic belief of public-administration scholars.

3.3. Public choice and modern institutional economics

The first of these rival approaches was public-choice theory. The main event of the institutionalization of the public-choice approach was the founding of the Thomas Jefferson Center for Studies in Political Economy and Social Philosophy by James Buchanan and Warren Nutter at the University of Virginia. Buchanan and Nutter wanted to build a platform for all scholars who were interested in a society based on individual freedom (Buchanan, 1986). Furthermore, Buchanan, Nutter, and their colleagues employed methodological individualism as their basic theoretical approach. They sought to explain social phenomena by aggregating the behavior of individuals.

This approach is based on the assumption that individuals pursue their own aims and act according to their preferences. It assumes a different concept of rationality than Simon did. From the public-choice perspective, rationality is not bounded compared with a theoretical optimum; rather, rational behavior is when a person acts to pursue his or her aims according to his or her knowledge of the situation. For example, a Native-American who believes that rainedancing produces rain and who begins to dance in a severe drought is behaving rationally (Tullock, 1965). Public-choice theorists deductively develop models to explain social phe-

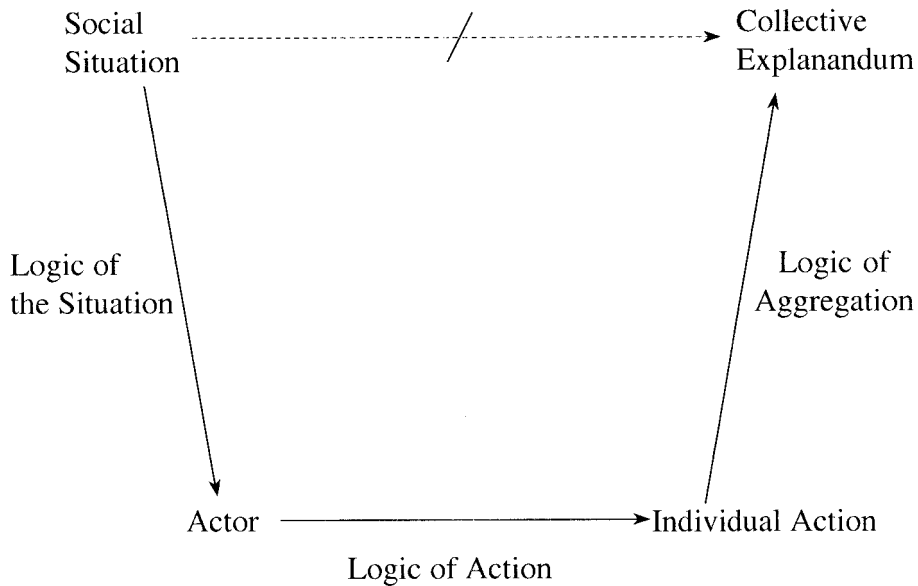


Fig. 1. The logic of individualistic explanation (Coleman, 1990).

nomena from a set of assumptions about individuals' aims and their information about their situations.

This approach also created a natural normative benchmark for assessing social reality. Because individual preferences and the free choice of individuals are central to the public-choice approach, its benchmark for political institutions is whether a free individual would willingly agree to such structures and to their outcomes (Buchanan and Tullock, 1962; Buchanan, 1975). One could call this a contractarian vision of the state and its constitution.

Using this framework, public-choice scholars assessed the modern welfare state that the Progressives and their public-administration companions built. Their conclusions were highly critical. Their theoretical explanation of representative democracy found that the use of the simple majority rule without constitutional safeguards can lead (through logrolling) to the exploitation of minorities by majorities, that such majorities have an incentive to waste resources that the minority pays for, and that the notion of a public interest or a common good postulated by classical democratic theory is highly questionable (Downs, 1957; Buchanan and Tullock, 1962). Public-choice scholars further showed that tendencies for inefficient use of resources and the exploitation of certain groups are enhanced by traditional budgeting by representative committees, and by the executives within bureaucratic organizations (Niskanen, 1971). They also demonstrated that bureaucratic organizations (defined as organizations that are partly or wholly not evaluated on markets) have a number of serious deficiencies. From a public-choice perspective, these deficiencies include a strong tendency toward the accumulation of tasks and resources, toward excessive conservatism, and toward a law-like inability to accomplish certain tasks (Downs, 1966; Tullock, 1965).

According to their explanation of state failure and based on their individual ethical premises, public-choice scholars made a number of reform proposals. Their main issues were

the invention of constitutional safeguards against exploitation (political exploitation can be assumed if the sum of taxes an individual pays is greater than the value of public goods he or she receives) and the invention of a polycentric administrative system (in contrast to the monocentric system of the Progressives). In such a polycentric administrative system, the provision and the production of services are separated. Private vendors and public vendors compete¹ for production contracts.

The size of production units and public consumption units (jurisdictions) are not necessarily identical (allowing economies of scale and efficient intergovernmental contracting, and contracting between public consumption units and production units, which belong to other public consumption units). Such a system would function best if it was highly decentralized and federal. Thus, a polycentric system would use transparent financing systems such as user charges, vouchers for public goods, and opportunities for citizens (as consumers) to make choices (Ostrom, 1973, 1977; Savas, 1982).

In a polycentric system a lot of individuals would make decisions according to their personal preferences and knowledge; there would not be a single (and usually distant) decision center, but many of them (Hayek, 1960, 1969). Every component of public-choice theory—the methodology, the ethical benchmarks, and the recommendations—directly conflicts with classical and neoclassical public administration. Vincent and Elinor Ostrom presented this as a new approach to public administration and found some supporters (Ostrom and Ostrom, 1971).

Other approaches of modern institutional economics include neo-Austrian economics, property-rights theory, principal-agent theory, and transaction-costs economics. Neo-Austrian economists deal mainly with the dilemmas of planned and unplanned social order and share much of the public-choice perspective (Hayek, 1960, 1969). Neo-Austrian economists have a very strong preference for individual freedom, and stress the necessity of laws (including tax laws) that do not discriminate in any way. They oppose the welfare state, which they view as a form of tyranny (Mises, 1944). Property-rights theory deals with the efficient allocation of property rights over resources (Demsetz, 1967). Principal-agent theory focuses on the problems that superiors have in monitoring the behavior of their subordinates and in creating incentives for subordinate behavior (Pratt and Zeckhauser, 1985). Transaction-cost economics mainly deal with the question of when markets or hierarchies are used as efficient arrangements for the organization of production (Williamson, 1975).

All of these approaches present a major challenge to both classic and neoclassic thinking.

4. New Public Administration and its successors

Classical and neoclassical public administration were challenged not only by public-choice theory. Even in the heyday of neoclassical public administration, some voices dissented from the dominant stream of behavioral and positivist research. In matters of management, the human-relations school, based on the concept of Maslow's self-actualizing man, sought to put humans at the center of management (McGregor, 1960): people should get opportunities to develop themselves and to live a healthy life within organizations. Within public administration, a number of scientists charged that the separation of facts and

values cut off public administration from its vital roots in political philosophy (Appleby, 1947; Harmon and Mayer, 1986, p. 22). Despite the attacks by Arrow (1951) and Schubert (1957), these scholars continued their search for the public interest.

In the late 1960s when the U.S. was in a time of turbulence and revolutions (Waldo, 1968), Dwight Waldo organized a conference about the future of public administration to which he invited only younger members of the discipline. These young men brought the revolutionary spirit of their times to the conference and initiated a movement called New Public Administration (NPA), incorporating ideas from the human-relations movement and the political faction of public administration (Marini, 1971).

Basically, NPA was a critique of classical and neoclassical public administration. The conference participants raged against a society that was, in their eyes, full of discrimination, injustice, and inequality, and they argued that public administration supported—both practically and theoretically—this unbearable status quo. All the theorizing about the politics-administration dichotomy, the separation of fact and value, and accountability in representative democracy was (in their opinion) serving the status quo of repression and alienation (Harmon, 1971; White, 1971). Therefore, the conference participants urged a reorientation of the discipline: public administration should move away from the pursuit of efficient administration toward more democratic structures within and without public organizations (participation was the buzzword of the movement) and it should try especially to further social equality. La Porte (1971, p. 31) wrote: “I would argue that our primary normative premise should be that *the purpose of public organization is the reduction of economic, social, and psychic suffering, and the enhancement of life opportunities for those inside and outside the organization.*” This discussion moved the center of theoretical gravity towards a normative approach.

The problem with new public administration was that it did not offer much more than this normative reorientation. When in the 1970s the U.S. discovered that it was not nearly as affluent as it had assumed in the previous decade, NPA proposals for administrative and democratic experiments became unrealistic. In the midst of recession and unemployment, productivity seemed to be more important (Campbell, 1972, p. 345ff.). Still, the field did not forget the arguments that normative questions matter for public administration, and that there is another possible vision of a participative and socially equitable public administration.

Moreover, this vision was reinvented through the back door. In the early 1980s, when bureaucrat bashing was a common sport among politicians and journalists, John Rohr (1978, 1986) developed a justification for public organization that was based on a highly creative interpretation of the American constitution. Rohr’s constitutionalism became a flag to rally the defenders of public administration, including veterans of the NPA movement, e.g., Philip Kronenberg and Orion White. Rohr and his colleagues at the Virginia Polytechnic Institute in Blacksburg, Virginia, continued their defensive work and developed the Blacksburg perspective, which incorporated ideas from NPA (Wamsley et al., 1990). Another development of the 1980s that carried on the normative thrust of NPA was communitarianism. Critiquing modern society with its individualistic and rootless members, communitarians urged more participative political and administrative structures (Cooper, 1991; Barber, 1994). The basic (revived) idea was that human beings are political beings and that people can only be fully human if they have the possibility to participate in political life. The

structures of public administration would have to be accommodated to such a social change, the administrators would become citizens among peers, and they would assume the role of facilitators for participative action. The third successor to the NPA movement was the discourse theory of public administration. Fox and Miller (1995) proposed that public administration should assume a moderator's role in public policy networks, or energy fields where interested individuals and organizations find solutions for public problems in a situation that comes as near as possible to ideal speech.

All three approaches—the Blacksburg perspective, communitarianism, and discourse theory—share with NPA a normative basis and practical proposals for reform. Indeed, within public administration, they seem to make up an alternative postmodern movement. They all prefer proactive and politically acting bureaucrats, pursue values beyond efficiency, and heavily criticize representative democracy and progressive administrative structures. All three offer reforms that (both within public organizations and in the private sector) emphasize participation, community, self-actualization, and the development of human potential. Interestingly, their commonality goes as far back as to their very scientific roots. They are all heavily influenced by phenomenology, which argues that reality is socially constructed; therefore, for scientists to understand their subjects and their actions they need to share the frameworks through which their subjects see the world. The other main influence is critical theory; based on a critique of the reign of instrumental reason in society, it tries to unmask false social appearances behind which domination is covered. An important further development of critical theory is the discourse theory of Habermas (1979), who tried to show which ideal communicative situation is necessary for overcoming domination. Important elements of discursive thoughts can be found in every one of the three successors to NPA—for example, communitarian writers frequently refer to it when they develop their participative ideal of democracy.

Thus, in the early 1970s, public administration was splintered and under fire. The discipline was divided into its classical and neoclassical branches. It was challenged by modern institutional economics (and, in fact, some public-administration scholars adopted this approach), and criticized by the NPA. Moreover, some scholars brought to the field two very different scientific perspectives: critical theory and phenomenology.

4.1. Policy analysis

Then, still another competitor emerged. In the early 1970s, political scientists who sought to identify and rectify the causes for the failure of many social policies of the 1960s founded the discipline of policy studies or policy analysis (Parsons, 1995). From its beginning, policy analysis could mean two things: the analysis *of* policies that described and partially explained practical political developments, the main actors, and the outcomes (Anderson, 1975); and analysis *for* policy that tried to find optimal solutions for political problems (Nagel, 1980). Both branches were strongly related to Simon's neoclassical research program. The analysis *of* policy tended to focus on the behavioral aspects, while the analysis *for* policy employed various decision techniques. It is no accident that scientists like Merriam and Lasswell, who were closely related to Simon, were leading figures in the policy-studies field. Policy analysis

was compatible with the scientific roots of neoclassical public administration—separating fact and value, and employing logical positivism.

Indeed, many policy makers began to exploit the information and practical insights provided by policy analysis. In practice, the approach of analysis for policy became extremely prominent. Intensive analysis was frequently used to provide information for policy makers. The idea was that policy makers who employed policy analysis could make more rational choices. But policy makers who seek to make rational political decisions need more than information about optimal policies; they also need evaluations of existing policies and analysis of implementation strategies. By enlarging their field to include such political concerns, these researchers closed the conceptional circle of information gathering, analysis, decision, implementation, and evaluation, creating a conception of rational policy making (Parsons, 1995).

Because the approaches of public administration and policy analysis were highly compatible, the two were not in theoretical conflict. Nevertheless, conflict did emerge. Policy analysis and public administration were competing for the same audience, the same students, the same research funds, and the same consulting projects. In this contest, adherents of policy analysis argued that public administration, with its institutional focus, was outdated and that policy analysis, with its focus on policies, was more modern and relevant (Lynn, 1996). Faced with this criticism, public-administration scholars were bitter, although they often did include policy-analysis themes in their public-administration courses.

Moreover, policy analysis had its own problems. Its early conceptual core was soon questioned. The popularity of the discipline and its success in acquiring students and research funds drew researchers with other approaches. Soon, it was not just scholars employing the optimizing framework of systems analysis who were doing policy research. Scholars who preferred methodological individualism joined the business (Parsons, 1995). Later, critical scientists and phenomenologists—with the even more different approaches of naturalistic inquiry (Henry, 1990), and with a consulting approach that was called interpretative forum (Kelly and Maynard-Moody, 1993)—began to do policy research. So despite its success, policy studies suffered the same fragmentation as public administration.

4.2. Public management

Another institutional creation of the 1970s is the field of public management. When schools of policy analysis began to train students for executive positions in the public sector, they soon realized that more is needed than the skill to create optimal policies. After all, the opportunities to do so are rare. Executives also need skills in management; therefore, schools of policy analysis created new courses (Bozeman, 1991a; Moore, 1995). Because public administration was a competitor, they called their approach public management. [In the market for students, schools for business administration and schools of generic management, which began to offer public-management courses, were also competitors.]

The content of such public-managements courses—and of the discipline—drew on the findings of generic management research from the heydays of the neoclassics. Although this neoclassical research had little impact on the Progressives' practical and theoretical approach to public administration, it was highly influential in the private sector—and then transplanted

back to the public sector via public management. [All this raised the heavily debated question: what is the public in public management and what are the consequences for management (Murray, 1975)?] These private-sector transplants can be grouped into two classes. Some tend more toward *rational* or *mechanistic* management styles and instruments, while others tend more toward styles and instruments that are *humanistic* or *organic*.

From the rational side came zero-base budgeting (Lerner and Wanat, 1992), management by objectives (Drucker, 1954; Sherwood and Page, 1976), techniques of performance measurement and accounting (Henry, 1990), public-sector marketing (Kotler, 1975), and rational, strategic management (Wechsler and Backoff, 1986). These rational approaches possess a heavy bias towards the gathering and analysis of information in the search for optimal answers to management problems. The rational approach also emphasized the objective measurement of performance and the rewarding of organizational leaders based on documented results.

During the 1970s, such rational thinking dominated public management almost exclusively. But in the early 1980s, the book *In Search of Excellence* by Peters and Waterman (1982) changed the scene. Peters and Waterman showed that the best and most successful American companies did not employ a rational management style; instead, they used organic structures, humanistic strategies, and a thick culture to lead their employees. *In Search of Excellence* provoked an intense public discussion and helped turn business towards a more humanistic style—and soon this movement began to spread in public management. More and more scholars asked whether it might be possible to make public organizations excellent by adapting Peters and Waterman's ideas. Important examples for organic and humanistic styles and approaches are organizational development (Golembiewski, 1969), total quality management (Milakovich, 1991; Swiss, 1992), or culturally oriented strategic management, which uses mission statements for leadership purposes (Moore, 1995).

Unfortunately for the field there was not yet found a conceptual unity to bind all these approaches together. "If recent assessments of public management research and theory are valid, then the field is not yet ready to take its place alongside more mature and theoretically rich social science disciplines," wrote Bozeman, a leading figure of the field. "One should not expect theoretical mastery in a field that is relatively immature. There is no paradigm for public management research and theorizing; rather, ours is a preparadigmatic field conforming closely to Ravetz's model of an 'immature and ineffective field of inquiry' " (Bozeman, 1991b, pp. 29, 33).

It is easy to see that public management and public administration have close ties. Their researchers address similar problems, ask similar questions, and employ similar techniques. Still, the relationship between the two is strained, for they certainly do compete. Moreover, public-management scholars think of themselves as founders of a new science that is independent of public administration.

5. A descriptive model of the behavioral-administrative sciences

In the United States, the behavioral-administrative sciences are a melee of approaches and disciplines. Some disciplines (i.e., public choice) are relatively unified. Others (i.e., public

management) are heavily fragmented. Some disciplines (i.e., public choice and new public administration) have some significant conflicts in their basic approaches. Others (public administration and public management) use compatible approaches but are in competition for students, audiences, and research funds.

If, however, I ignore the disciplinary labels and look for the scientific bases underlying behavioral and administrative research, I can bring order to the scene. Indeed, using a variety of fundamental distinctions, I can trisect the field along various dimensions.

If I group researchers according to their basic values, I find that they fall into three categories. Some prefer order, a notion of material freedom (the ability to participate in the welfare of a nation), and efficiency that is pursued through planning. Other scholars lean heavily towards individual freedom (freedom from interference), innovation, and efficiency that is pursued through creative adaptation. Still other scholars prefer values like community, political freedom (freedom to participate in political processes), and the development of human potential.

Similarly, if I group researchers according to their scientific approaches, I again find that they fall into three categories. I find that most employ some variations of the scientist as omniscient observer. Adopting this approach, the scientist assumes an objective and distanced position (where he has superior knowledge about his subject) and gathers more knowledge which he uses for social control. This approach meshes well with the ideas of optimization. Some scientists, however, rely on methodological individualism. (Like Hayek, I distinguish between true and false individualism, which leads to a more modest approach towards science.) These researchers realize that they do not know substantially more about the myriad facts of everyday life and especially about specialties of time and place. They especially know that, given their limited knowledge, they cannot steer or control anything perfectly and that their scientific laws are just forecasts of patterns. In contrast to the constructivist or immodest rationalism of the omniscient observer, these scientists employ a more critical rationalism. A third common approach is critical and interpretive and is closely related to the dialectic method. Scholars who use this approach begin with the notion that the truth is not really out there to be uncovered by some persistent researcher (with access to the X-Files). Rather, these scholars accept that reality is socially constructed and can therefore only be understood by learning about the frameworks of the humans who are their research subjects. Moreover, these researchers seek further insights by demasking dominative relationships in social situations that they think they already understand.

If I group scientists according to their method, I find another three categories. One group uses empirical studies to inductively generate scientific laws; usually, however, if they have gathered enough data to be sure of their findings, they speak of verification. Another group deductively develops daring hypotheses based on certain premises and tests these hypotheses empirically; if they find their daring ideas empirically wrong, they usually speak about a falsification. The third method of learning the framework of human beings and their world is phenomenological.

If I group scientists according to the gravamen of their statements—the nature of their main utterances—I find another trinity. All scientists describe more or less, and all try to explain, to prescribe, and to talk about values. One group, however, has a heavy bias towards prescriptive statements, another has a strong explanative bias, and a third has a strong

normative bias. These biases are reflected in Herbert Simon's (1947) distinction between pure science (explanative) and applied science (prescriptive), and Robert Behn's (1996) distinction between science (explanative) and engineering (prescriptive). The normative bias could be characterized as political or philosophical. Pure science, however, is never really pure. Scientists with the explanative bias are seldom satisfied with just giving an explanation; inevitably, they end with a short prescriptive conclusion or a critical normative comment.

If I group scientists according to the nature of their technological recommendations, I find that they normally lean towards three different mechanisms of social coordination. One group has a bias towards hierarchy, a second towards markets, and a third towards communities or clans (Ouchi, 1991).

If I group scientists according to their assessment of social problems, I find three more categories. One group tends to see change, adaptation, and social complexity as the biggest problems. The second group assesses social petrification, the coercion of the welfare system, and the protection of individual freedom as the main problems. The third group sees alienation, individualization, and sustainable development to be the main questions that scientists and society have to answer.

If I organize these various groupings and their different centers of gravity, I get three different scientific worldviews, each of which is internally consistent but is, on most issues, incommensurable with the others. For example, I can identify a group of scientists who prefer values of community and political freedom, employ critical and interpretive scientific approaches, use a phenomenological method, have a strong tendency towards normative utterances, recommend community oriented solutions for social problems, and identify alienation and individualization as two of society's main problems. A second group of scientists with a coherent scientific worldview value individual freedom and creative adaptation, use methodological individualism as a scientific approach, follow a deductive method, prefer positive analysis, rely mainly on market mechanisms as technological solutions, and see petrification and coercion as main social problems. The scientists who hold the third worldview value order and material freedom, believe in efficiency through planning, use a scientific approach of objective observation, derive scientific explanations inductively from empirical data, commonly utter practical prescriptions, offer hierarchy as a technical solution for social problems, and see change and other stability endangering situations as major social problems.

In Fig. 2, the three columns describe these three worldviews. Each of these is internally consistent. Yet each is incommensurable with the other two. Consequently, scientists who share one of these perspectives can easily communicate with each other. When, however, they attempt to talk with scientists who employ one of the other two worldviews, they talk past each other. They may commonly use the same words—spelling them invariably and pronouncing them consistently—yet fail to communicate their ideas. Each group lives in a different world, employs a different scientific compass, and thus cannot communicate across either of its borders. Nevertheless, a horizontal circle (in Fig. 2) is an area that implies one can position oneself more or less near the borderlines of the pie slices. Thus, scientists in the behavioral-administrative sciences usually position themselves somewhere within the circles on every level of Fig. 2. Scientists who always position themselves on pie slices which are

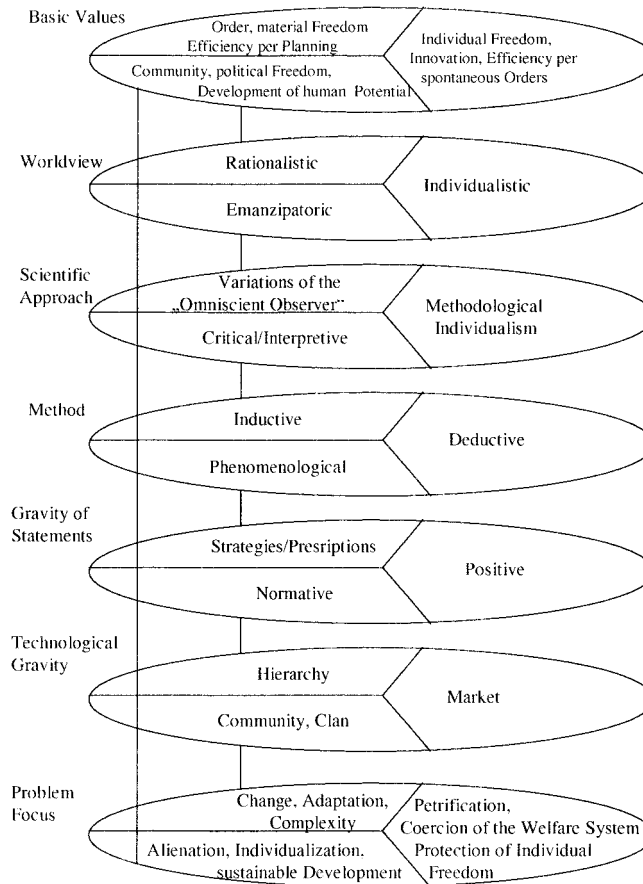


Fig. 2. Dominant patterns of scientific worldviews.

piled up neatly have a coherent scientific worldview—those who don't may get into difficulties with some of their colleagues.

To name these three worldviews, I have chosen the words emancipatory, rationalistic, and individualistic. Although each term comes from a different level of the worldview diagram, each reflects its group's dominant focus.

- Rationalists believe that the world can be ordered and controlled with the help of objective scientific knowledge.
- Individualists share a commitment—both methodological and normative—to placing the individual in the center of their deliberations.
- Emancipators possess an ardent desire to free individuals from domination, to realize a far-reaching social equity, and to cure society by a daring experiment with basic forms of marketplace democracy.

The extreme proponents of each of these worldviews—for example, Nagel and the (early) Samuelson for the rationalists, Hayek and Buchanan for the individualists, and Barber and

Thayer for the emancipators—have little to say to people from the other two schools except that their respective approaches and recommendations are irrelevant, insensible, or unbearable.

Having developed an overview and a descriptive model of the political-administrative sciences in the United States, I will now examine the origins and theoretical bases of New Public Management. First, however, I want to note an interesting observation that follows from these findings.

From the work of Mary Douglas (Douglas and Wildavsky, 1982), Thompson, Ellis, and Wildavsky (1990) developed a cultural theory: there exist exactly five viable cultural worldviews or “perceptual screens through which people interpret or make sense of their world and the social relations that make particular visions of reality seem more or less plausible” (Thompson, Ellis, and Wildavsky, 1990, p. XIII). They call the adherents to these five worldviews egalitarians, hierarchists, individualists, fatalists, and hermits.

- Egalitarians have strong group boundaries and offer few social prescriptions. They are mainly interested in equality, they believe that human beings are born good and are corrupted by evil institutions, which explains their determined critical stance towards the system that they view as coercive and inequitable (Thompson, Ellis, and Wildavsky, 1990, pp. 6, 9f. 34, 59ff.).
- Hierarchists also have strong group boundaries but offer tight role prescriptions. They see individuals as sinful beings who have to be rescued by well ordered institutions. In addition to their belief in rules and regulations, hierarchists rely on the judgments of experts (Thompson, Ellis, and Wildavsky, 1990, pp. 6, 11, 35, 45, 61).
- Individualists live in a social context with few prescriptions and low group incorporation. From their point of view human beings are self-seeking, and their self-interested energies have to be channeled. They explore new ways of creating wealth, and, if they fail, they tend to attribute this to bad luck or personal incompetence—not to the system (Thompson, Ellis, and Wildavsky, 1990, pp. 7, 34, 60ff.).
- Fatalists are “people who find themselves subject to binding prescriptions and are excluded from group membership” (Thompson, Ellis, and Wildavsky, 1990, p. 7). They see life as a lottery: luck comes and goes, and they cannot change the way it goes.
- Hermits position themselves outside of society. They try not to be controlled by their membership in some group and do not seek to control others.

Thus fatalists and hermits take a passive approach to life, while egalitarians, hierarchists and individualists lead an engaged life (Thompson, Ellis, and Wildavsky, 1990, pp. 36, 60).

In comparing my three scientific worldviews with the five worldviews of Thompson, Ellis, and Wildavsky, I find some striking parallels. Both egalitarians and emancipators condemn the system, believe in a good human nature, criticize markets and hierarchies. Both hierarchists and rationalists believe in regulation, knowledge and experts. The two individualists—in everyday life and in science—search for innovation and believe in the possibility to channel self-interested behavior. So are my scientific emancipators, rationalists, and individualists reflections of the three engaged cultural groups? Are scientists who adhere to one of these three scientific worldviews also members of the corresponding cultural group? Or are they at least expressing a desire to install in politics and administration a particular

cultural style, which they are themselves not able to live in? Are fatalists and hermits not found in science (or are at least not identifiable as a group) because they withdrew themselves from society (hermits) or are driven to its edges (fatalists)? Ellis and Thompson (1997) asked these questions for environmental policy; it would be interesting to answer these questions for administrative policy.

6. The theoretical basis of New Public Management

As I have already argued, New Public Management has many components. But what are the theoretical bases for these components? What ideas have influenced the inventors of the reforms that were later labeled NPM (or Reinventing Government)? First, I examine the undisputed characteristics of NPM, then the debatable ones.

Budget cuts need no explanation. All types of scholars (except perhaps those with an emancipatory worldview) would recommend budget cuts in times of money shortages. *Privatization* comes from public-choice theory, the neo-Austrian school, and property-rights theory. But proposals to privatize also come from rationally oriented management scholars (especially Drucker, 1968).

The *separation of provision and production* can be derived from the Ostroms' model of a polycentric administrative system, but this recommendation comes from Drucker as well. *Contracting out* reflects both rational and humanistically oriented management. It was influenced by transaction-costs economics, but public-choice scholars, like Niskanen, also recommended it. And if contracting out can be designed to strengthen community organizations, emancipators will advocate it too.

User charges are mainly proposed by public-choice adherents, but they can also be derived from consumerists' views and marketing (rational management). The same can be said about *vouchers*. The *customer concept* can be traced back directly to marketing approaches. Certain applications of the concept—like one-stop shops or case management—are the outcome of organic management conceptions and even of NPA.

Competition in the public sector comes mainly from public-choice theory. When competition is designed to motivate departments within an organization (internal competition, revolving funds), it can emerge from organic management models. To give managers the *freedom to manage*—to give them flexibility—is merely a matter of managerial indoctrination and the design of incentives.

The *separation of politics and administration* can obviously be traced back to the Progressives and classical public administration, to the influence of policy analysis for politics, and even to certain branches of public management. *Decentralization* is also a concept that comes from neoclassic thought, from public choice, from transaction-cost economics, and from NPA and its followers.

Accountability for performance can be traced back to classical thinkers and their idea to benchmark public organizations. It reappeared in neoclassical public administration, in policy analysis, and in rational, public-management circles. The same is true for the techniques of *performance measurement* and *improved accounting*. Nevertheless, public-choice scholars, like Tullock, recommended them too (though with some reservations). The

reform ideas for *financial management* and *performance auditing* can be traced back to this approach, with a particular stress on rational public management that used transplants from the private sector. Interestingly, the whole branch of output-oriented steering and evaluation shows heavy influences of PPBS. The whole language now used in this area—inputs, outputs, outcomes, products, programs, alternatives—was invented in the wake of the PPBS. But one can also identify ideas of principal-agent theory in this cluster of reform concepts.

Strategic planning and *changed management styles* reflect the influence of the two branches of public management. One must distinguish between transitions from bureaucratic to rational management styles and from rational or bureaucratic to humanistic management styles. The same is true of improved personnel management systems and incentives. But these latter can also be traced to the influence of principal-agent theory.

However, the *use of information technology* seems to be a characteristic of NPM that has no special theoretical roots. It is strictly a pragmatic idea, used where it is useful.

For the debatable attributes of NPM, the center of gravity of the theoretical origins seems to move a little bit away from management: *legal budget constraints* are surely a creation of the constitutional deliberations of public-choice scholars (especially Buchanan). *Improved regulation* can be traced back to property rights theory and the theory of regulation of public choice approach to regulation (especially Stigler (1971) and his colleagues of the Chicago school).

The *rationalization of jurisdictions* and the *streamlining of administrative structures* can again be traced back to classical administrative theory and the Progressives; later they were taken up by neoclassics, policy analysis, and rational public management scholars. The role of policy analysis for the use of *policy analysis and evaluation* in the reforms is self-explanatory.

Democratization and enhanced citizen participation can mainly be traced back to NPA and its three subsequent approaches, although consumerist views and public choice have also played a role.

To summarize, I have described the characteristics of NPM as I find them frequently in the scientific discussions and in the quite disordered theoretical approaches of the political-administrative sciences. When I put the two of them together (as in the previous discussion) the result is Table 2. The world is messy, and thus these categories are not as well ordered as I might want. Still, Table 2 provides a heuristic for visualizing my analysis.

Table 2 is not complete or exhaustive. Nevertheless, it does illustrate that New Public Management can be traced back to a variety of theoretical origins, each of which may have influenced some NPM reformers. From it, I derive:

Hypothesis 1: The formula [NPM is public choice + managerialism] is seriously incomplete.

NPM has been inspired by theoretical perspectives: public-choice theory, management theory, classical public administration, neoclassical public administration, policy analysis, principal-agent theory, property-rights theory, the neo-Austrian school, transaction-cost economics, and NPA and its following approaches. The practical individuals who advocated and implemented various NPM reforms were influenced by an eclectic variety of these ideas.

Table 2

Characteristics of NPM and theoretical approaches

	Classical PA	Neoclassical PA	Public Choice	Austrian School	Principal-Agent	Property-Rights	Transaction Costs	NPA	Constitutionalism	Communitarianism	Discourse	Pol. Analysis	Rational PuMa	Organic PuMa
Budget Cuts	X	X	X	X								X	X	X
Privatization			X	X		X				X			X	X
Sep. Prov./Prod.			X		X		X							
Contracting Out			X	X			X			X			X	X
User Charges & Vouchers			X										X	
Customer Concept								X					X	X
Competition			X											X
Flexibility for Management													X	X
Sep. of Pol. & Admin.	X	X										X	X	X
Acc. for Performance	X	X			X							X	X	X
Decentralization	X	X	X	X	X		X	X		X			X	X
Performance Measurement	X	X			X							X	X	
Impr. Acc. & Financial Mt.	X	X			X								X	
Performance Auditing	X	X			X								X	
Strategic Planning & Mt.		X											X	X
Management Style		X						X					X	X
Personnel Management					X								X	X
Use of IT														
Legal Spending Constraints			X											
Improved Regulation			X											
Rationalzt. of Jurisdictions	X	X										X	X	
Rationalzt. adm. Structures	X	X										X	X	
Analysis and Evaluation		X										X	X	
Democratization & Particip.								X		X	X			

7. Is New Public Management really new? Does it reflect a paradigm change?

From the analysis above, I can offer a number of additional hypotheses about New Public Management.

Hypothesis 2: Many of the theoretical origins and influences on NPM are not new.

Some can even be traced back to the Progressives and are almost a hundred years old. This finding, however, must be qualified.

Hypothesis 3: The mix of reforms that make up New Public Management is certainly new.

Although some individual characteristics are rather old, these elements have never before been organized (as they were in New Zealand or Phoenix, Arizona) into one reform movement. The same is true for the practical use of some characteristics of NPM. Although theoretically old, some ideas (for example, those of public-choice scholars) were tested on a large scale for the first time with NPM.

So, does NPM represent a paradigm change? Using the word paradigm in his path-breaking work, *The Structure of Scientific Revolutions*, Kuhn (1962) described paradigms as concrete examples for the solution of scientific problems. Later, he specified this thought by saying that a paradigm is the disciplinary system of a science and consists of laws and definitions, metaphysical orientations, hypotheses, values, and concrete examples (Kuhn, 1962).

Thus a paradigm is something the scientists of a discipline agree on and that guides their research. A mature science is characterized by its paradigm, researchers work within their paradigm to solve the open riddles of their discipline. According to Kuhn, such normal science is occasionally disturbed when researchers find facts that do not fit their paradigm—that cannot be explained by their paradigm. Kuhn calls such facts anomalies and such a situation an intellectual crisis, which leads researchers to search for solutions outside of their paradigm. Eventually, they develop new laws, definitions, orientations, hypotheses, values and exemplary solutions that can explain the anomalies and attract other scientists. If a large group of scientists agrees on the new disciplinary system, a new paradigm is installed and serves as research guide. A paradigm change has occurred.

From this description of Kuhn's paradigm and from my analysis above, I derive my next hypothesis.

Hypothesis 4: New Public Management is not a new paradigm for the behavioral-administrative sciences.

Administrative scientists are not close to forging any kind of agreement on a disciplinary system.

But what about the individual sciences?

Hypothesis 5: Almost none of the behavioral-administrative sciences have a paradigm.

Most of them share no unified, agreed upon, disciplinary system. Public administration is split, public management is fragmented, and so is policy analysis. All of them include rationalistic, individualistic and emancipatory approaches. Therefore, they waste time quarreling over methodology instead of doing normal science. The only group of scientists that could claim the possession of a paradigm, that pursues normal science, and that progresses with a comparatively high speed, are the adherents of modern institutional economics.

Even those who argue that NPM provides a new solution for administrative problems can easily recognize that not everyone accepts their solution. People quarrel about whether it is useful, or suitable, or the right answer. This is not surprising. Practical developments like NPM are not just questions of facts and explanations. They are also about values. Indeed, in my opinion, there is no hope that a new paradigm will gain a foothold.

In the behavioral-administrative sciences, the worldviews of its researchers are closely tied to values. Moreover, many of these basic values will never cease to move the hearts of people. There will always be some idealists who have a strong preference for community. There will always be defenders of individual freedom. There will always be technically-minded people who seek to order the world with technique. So there is no hope that some scientific positions will become outdated (like in the natural sciences) and die out. The flames of the three scientific worldviews in the behavioral-administrative sciences will burn forever; there will always be some ardent supporters of each set of values. There is no hope for unity—no hope for a new paradigm.

Cultural theory supports this conclusion. If the scientific worldviews described above indeed reflect an application of active cultural life into the political-administrative sciences, then, as Thompson, Ellis, and Wildavsky write, these cultural ways of life are “in relationships of disequilibrium, so that they perpetually change their relative strength without ever settling down to some steady dynamic state” (Thompson, Ellis, and Wildavsky, 1990, p. 4). Indeed, this is exactly what Herbert Kaufman (1969) said about public administration, although he based his conclusion on three groups of values that are different from the ones I employ.

Hypothesis 6: It is highly improbable that there will ever be a unified paradigm for the political-administrative sciences.

It is highly questionable whether Kuhn's model that was developed for natural sciences has any value in seeking to understand the behavioral-administrative sciences. As long as values, rather than facts, are the issues underlying much of the scientific debate among the three disciplines, paradigm change is not a valid description of the scientific development.

Hypothesis 7: To understand the behavioral-administrative sciences, a useful model (still drawn from the natural sciences) is Feyerabend's conception of scientific anarchism.

Feyerabend (Andersson, 1988) argues that there exist parallel scientific worldviews, or disciplinary systems. Individual researchers choose to join them depending upon their own character traits, beliefs, and values. No disciplinary system can, *a priori*, claim a greater worth or even the only way towards truth. Seen from this perspective, the scientist has the possibility to choose and anything goes (Andersson, 1988).

8. The inevitable linkage between politics and administration

From these findings, I offer two more conclusions:

Hypothesis 8: Decisions about administrative structures are political questions and are closely related to political philosophy.

Hypothesis 9: NPM is a mix of values that seems to fit the current situation and solve current administrative problems as well as possible, but it will not last forever.

There will come other problem situations and there will come new reform waves that will reform NPM-oriented structures.

All this should not be interpreted as a statement for or against NPM. It is an analysis of its basics and of the sciences that are related to it—but nothing more. All these findings are totally irrelevant to the question of whether NPM is suitable or effective. Thus, it makes no sense to argue NPM by saying: “Look, it is made of different parts that are based on incommensurable theories. Therefore we should reject it.”

Science and disciplinary systems are exactly that: science. The world of science and theory is detached from practice though they influence each other via recommendations, empirical findings or facts, and (perhaps) cultural biases. Scientists search for truth; practitioners search for solutions. And while different scientific worldviews are usually incommensurable, it is surely possible to mix practical solutions that are offered by scientists with competing perspectives. NPM (and surely every society in the world) is a living confirmation of this. Therefore the assessments of practical commensurability or compatibility and of scientific commensurability or compatibility are entirely different questions.

Unfortunately, this implies that the findings of this article are irrelevant to the practical world. I have assessed a practical movement from a scientific perspective, and there are no conclusions that point toward right answers or solutions for practical problems. What I have attempted to demonstrate is that any assessment of NPM will usually depend primarily on the values of the assessor and only partly on hypotheses about causes and effects. Unfortunately, most of the time, scientists are not fair enough to each other and to their practical co-workers and audience to admit that. Therefore, value judgments and political statements about the right way are often masked as scientific truths.

Still, this article may have some practical consequences. It may make researchers aware of their methodological and other personal choices, and stimulate some of them to reflect on their choices. It may encourage a discussion about the theoretical origins (or even field studies to test the hypotheses above) that goes a bit deeper than public choice plus managerialism. Perhaps it may even contribute to an understanding of NPM.

The other practical consequence that the article could have is, I fear, a hopeless cause: scientists should explicitly separate their scientific statements about politics, their disciplinary self-interest (e.g. defending the public service from bureaucrat bashing), and their search for truth. This cause is hopeless for two reasons. First, lots of scientists (from the emancipatory area) do not agree to the separation of fact and value and will therefore deliberately go on to mix them. Second, scientists have to compete for research money and the one who talks the hype often makes it. Modest approaches to science have a serious disadvantage in the competition for money. So things will stay as they are, because (as they are) they fit into the self-interest and the worldviews of scientists.

Notes

1. An interesting proposal by Niskanen (1971) is to pay managers according to their performance, for example by permitting them (or their agency) to keep a part of the difference between their approved budget and their actual expenditures. Niskanen saw

competition for budgetary resources as essential given the perverse incentives in traditional budgeting.

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