Pollitt, C. (forthcoming, 2013). Back in the OECD...an oblique comment on the World Bank's "Better results from public sector institutions. *International Review of Administrative Sciences, 79*(3).

BACK IN THE OECD...AN OBLIQUE COMMENT ON THE WORLD BANK'S 'BETTER RESULTS FROM PUBLIC INSTITUTIONS' (2012)

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Acknowledgement: some of the research on which this paper is based received funding from the European Union's Seventh Framework Programme under grant agreement number 266887 (project COCOPS – see www.cocops.eu)

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Introduction

Most of my thinking and experience has been focused on the developed world, rather than developing countries. Thus I bring an outsider's perspective to the World Bank's 2012 document, *Better results from public institutions*. I am grateful to Nick Manning and Willy McCourt for their invitation to peer over one of the many walls which subdivide the territory of public administration,

Since at least the 1950s 'development administration' has been a separate academic subfield; one often characterised, tightly or loosely, explicitly or implicitly, with the notion that its mission is to export the good practices of the developed world to replace the bad practices of the underdeveloped one. It is easy to understand why this should appear to be a core mission. Few observers would disagree that the public administrations of, say, Australia, Canada or Denmark are superior to those of, say, Afghanistan, Somalia or Tanzania. There are glaring differences in terms of available resources, the skills of public servants themselves, the incidence of corruption, and the quality and quantity of key public services provided, per capita of population.

Nevertheless, there may be some point in reversing the usual order of business by taking the World Bank's report on the experience of development administration reform as the baseline, and comparing the academic and official reform literature from the developed world against that standard. Have we in the OECD world anything to learn from the World Bank's experiences? For this purpose I will concentrate mainly on the European literature, although I believe similar findings could be excavated in North America and Australasia. To be provocative, I will focus on two commonplace beliefs about developed/developing world contrasts which I suggest should be questioned.

Questionable belief number one: frequent reform failure is an unfortunate characteristic of the developing world, but not for 'us' in the developed world

To begin with, there is perhaps some corrective value in remembering that, far from public management reform having been routinely successful in the developed world but being beset with difficulties in the developing world, it appears frequently to have been problematic in both. A number of key recent studies of European reforms have shown that NPM-type innovations have frequently failed to produce any measurable change and sometimes even seem to have triggered deteriorations in programme or project outputs or outcomes. First, Table 1 (below) summarizes some of the findings from a recently assembled database of 518 studies of NPM reforms across the EU (Pollitt and Dan, 2011).

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: Some of the 518 studies in the database 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, and there are more entries recorded in the Table than studies.

Clearly, EU NPM reforms are not always successful. On the upside, outcomes, outputs and processes/activities are all reported as improving things more often than making them worse. On the other hand one could say that in 56% of the entries, outcomes remained the same or got worse (with corresponding percentages of 47% for outputs and 42% for processes/activities).

Other recent studies confirm this general picture. First, in a Spanish econometric study of outsourcing and decentralization across the EU. Alonso et al (2011) 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' (pp27-28).

Second, we turn to the conclusions of a 30 country study of agencification (Verhoest et al, 2012). After surveys, interviews and documentary analysis, the authors concluded 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).

Third, we may note that Carrera et al (2009), when they looked in detail at efficiency gains in the UK benefit payments system, found that productivity fell rather than increased during the NPM-intensive period of the late 1980s and then fell again during the Blair reforms from 1997 to 2003. Current work by Hood and Dixon (2012) is beginning to show that an absence of any dramatic (10% plus) efficiency gains in other major UK government programmes too, even during the highpoints of the reform drives of Thatcher and Blair. What is perhaps most puzzling here is that the reforming governments themselves do not seem to have been particularly anxious to check the overall results of their own initiatives.

Fourth, we have 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.

Fifth, we can move from academic studies to official analyses. An independent study of UK central government reforms between 2005 and 2009 found widespread failure to specifiy expected benefits or identify and control costs (National Audit Office, 2010; see also Dunleavy ??). Probably the best single source of official data about government reforms in the developed world is the OECD's annual publication *Government at a glance* (OECD, 2011). This is frequently cited by governments themselves, and is also used as the basis for countless academic studies and commentaries. It is produced by a unit which has been highly influential, and which has worked with comparative data for more than 20 years. Yet this 264 page compendium contains very few measures of effectiveness or efficiency. The vast majority of the tables depict inputs and processes – how much is spent on this or that, how many public sector staff there are as a % of the total workforce, the state of HRM reforms, and so on. The special section (new in 2011) on performance indicators displays a motley collection. There are attempts to measure the fairness of taxes; average student reading scores related to socio-economic background, access to tertiary education, health insurance coverage, and life expectancy at birth. There is not a single real input/output efficiency ratio. In short, there is limited hard evidence of changes of outputs and outcomes which can be securely attributed to specific mangement reforms.

Overall, therefore, it appears that for most EU and OECD management reform programmes, most of the time, we have precious little good information about results. There is an ocean of literature but only a trickle of high quality data on efficiency and effectiveness. This deficit may well be present to a greater degree in the developing world, but it is substantial and widespread in the OECD world too.

<u>Questionable belief number two: developed world reform documents are more sophisticated than is usual in development administration</u>

To continue the provocation, I would argue that one of the most striking features of *Better results from public institutions* is that the level of analysis is deeper and more nuanced, while the degree of self-criticism is rather higher than we are used to in many reform documents from the OECD world. ‘Theories’ are recognized and discussed. Pressures from the ‘industry’ that has grown up around management reform are acknowledged. Weakneses in previous Wolrd bank practice are identified. Let us compare the World Bank’s report with a selection of key UK white papers on management reform. The UK is an appropriate comparator for our exercise because it was one of the pioneers of NPM reforms from the early 1980s, and has, since then, maintained an intense and continuous flow of reforms (Pollitt and Bouckaert, 2011). It has actively marketed its know-how internationally, and has promoted knowledge transfers to various parts of the central and eastern European ‘transitional’ states, and to the developing world.

The white papers chosen for this comparison were : *The reorganization of central government* (1970, Heath, Conservative), *Efficiency in government* (1981,Thatcher, Conservative); *The citizen’s charter* (1991, Major, Conservative), *Modernising government* (1997, Blair, Labour) and *Open public services* (2011, Cameron and Clegg, Conservative/Liebral Democrat coalition). Of course there have been more than five white papers on UK public sector reform during this period, but these five have been chosen with certain criteria in mind. First, they were all broad scope reform packages, not confined to a single sector or problem (so we exclude, for example, white papers on the reform of the National Health Service, or the management of schools). Second, each identified a particular theme or trope around which they arranged their arguments and proposals. Third, all of them came fairly early in their respective government life cycles and could thus be said to represent the young, or early-middle-aged hopes of vigorous new governments.

So, how do these documents compare with *Better results*? In brief, my answer would be that the World Bank document contains more detailed and nuanced analysis than any of the UK white papers, is more willing critically to examine past efforts, and is generally more acknowledging that there is considerable room for debate. None of the five white papers advanced the kind of context-and-process based analysis which the World Bank advanced; only one (*Efficiency in government*) contained any systematic evidence (and that was not very much) and none contained any extensive review of previous reform experiences, unless one counts brief negative stereotyping of what had been attempted by the previous government (Pollitt, 2012). Most focused on the promise of new, or allegedly new, processes and techniques. These innovations were themselves seldom subject to any critical analysis. None costed the proposed reforms and none set quantified targets for achievement.

In line with this general analysis, a performance audit of UK central government reforms between 2005 and 2009 found widespread failure to specify expected benefits or identify and control costs (National Audit Office, 2010; see also White and Dunleavy, 2010).

Nor should it be thought that these limitations in reform documents are confined to UK central government. Very similar comments could be made about, *inter alia*, major Australian, Dutch, French, German, Italian and US reform publications (e.g. Advisory Group on Reform of Australian Government 2010; Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2007: Ministère de la Fonction Publique et des Réformes Administratives, 1992; Ministry of the Interior, 2006; Schiavo, 2000; Office of Management and Budget, 2001). Naturally, there are exceptions, with more reflective and evidence-based approaches, but these are neither as frequent nor as prominent as the more high-wide-and-handsome variety.

Again, therefore, some of the characteristic weaknesses identified in the World Bank report are amply echoed across the OECD world. The resource- and skill-rich environment of the OECD evidently does not guarantee a better quality discussion of management reform.

Reflections

Of course, none of the foregoing is intended to suggest that public administrations in the developed and developing worlds are simply the same. The differences of resources, skills, corruption levels etc referred to earlier are huge, and cannot be denied. Also it must be acknowledged that this comment is a *tour d'horizon* which has been aimed primarily at provocation, and which skates over some divergent details and a host of methodological difficulties (see, e.g. Pollitt and Dan, 2011).

Further, it should be said that there is plenty in *Better results from public institutions* that could be questioned. Not least, there are implementation issues: will a finance-dominated institution really be able to practice a management-dominated philosophy? Will a flat-budgeted World Bank be able to summon the resources to make a reality of more continuous engagement with clients? Can the new approach ensure that the previous emphasis on 'upstream' issues is balanced and integrated with an attention to the 'downstream' problems that often prevent a better service from actually getting through to citizens? However, the critique of *Better results* is well underway elsewhere in this symposium, and is not my prime concern here.

What *is* suggested here, however, is that (to quote the first page of *Better results*) '"What works" in PSM [Public Sector Management] is highly context-dependent and explicit evidence remains limited'. This observation applies almost as much to the developed world as to the developing. To put it another way, humility is undersung as a management reform virtue - globally. In both worlds reform talk is often much more ambitious than the formal decisions that eventually get taken, and there is then frequently a substantial implementation gap between what was decided and what finally gets put into operational practice. This feature carries the strong implication that in our assessments we need to be careful to treat like with like: to compare talk with talk and practices with practices, and not confuse the different stages. The pattern of talk may well be a poor guide to the pattern of practice (Pollitt, 2002). In both worlds 'best practice'has too often been the enemy of 'best fit'. In both worlds political realities (or 'political economy factors' in the World Bank's rather quaint jargon) have frequently been underestimated at the launch, only to emerge later to defeat or dilute the reform in question. Public management reform is almost always political as well as technical/organizational.

Furthermore, reform evaluations have frequently been ambiguous or unconvincing even in those cases where they have been attempted. In more cases - in fact probably in most cases - no credible evaluation (and certainly no independent, scientifically-designed evaluation) has been carried out. Public management reform has frequently been more an act of faith than a piece of evidence-based policymaking.

Finally, management reform is frequently an iterative exercise, over considerable periods of time. Reformers must adapt and also take advantage of 'windows of opportunity'. This implies a locally knowledgable presence over time, not a one-shot 'quick fix' by visiting consultants (Pollitt, 2008). The World Bank has recognized this, and, here as elsewhere, its message could, with advantage, be more widely attended to in the OECD world also.

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