The New Public Governance in public service delivery
The New Public Governance in public service delivery
Reconciling efficiency and quality

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1 INTRODUCTION

Mr Rector Magnificus, ladies and gentlemen,

On the 18th of February, 2011, the Federation of Netherlands Mobility Companies (FMN), comprising the Dutch regional railroad companies Arriva, Connexxion, Syntus and Veolia, presented a New Railroad Plan to the Dutch Minister of Infrastructure and the Environment, Melanie Schultz van Haegen (FMN, 2011a and 2011b). At that point, the minister was faced with the decision regarding how to tender the operation of the Dutch main railroad system for the next 15 years. She could either opt for a public tender or for closed negotiations aimed at forming a new agreement with the current concession holder, the Dutch National Railroad Company (NS). In their plan, the regional railroad companies argued against the exclusive exploitation of the entire main railroad system by the NS; instead they favoured separate public tenders for intercity lines, regional rail networks and the Dutch part of High-Speed Rail Link that connects Amsterdam with Paris. This would bring an end to the monopoly position of the NS. Inviting tenders for the regional railway lines, which the NS regards as relatively unimportant, would allow these lines to be upgraded, thereby delivering vital transport services tailored to the region’s needs.

Of course, this New Railroad Plan could be seen as a mere marketing pitch by the regional railroad companies who are only interested in gaining a larger share of the railroad transport market. However, several evaluations have shown that over the past few years the regional railroad companies have succeeded in improving the efficiency and quality of regional transport rail services within their concessions as did the private bus companies when regional bus transport was put to tender (Van de Velde et al., 2010; Twynstra Gudde, 2010; Ministry of Economic Affairs, 2008; WRR, 2008). Admittedly, service delivery has fallen short in some cases, as happened in the case of the Arnhem-Winterswijk rail line which was granted to Syntus. But in general regional rail carriers not only operate more efficiently than the NS, they also provide better service and achieve better customer ratings (Franssen et al., 2011, Consumentengids 2011; KpVV, 2011). Consequently they have managed to entice new passengers to use railway services on lines that the NS had written off as unprofitable. This is why their New Railroad Plan deserves serious consideration from the minister.

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In the mean time the minister has decided to combine the High Speed Rail Link concession with the main railroad network concession and to grant it to the NS for the period between 2015 and 2025. Yet, she didn’t renounce the New Railway Plan altogether. She announced the public tendering of two regional lines and is considering doing the same in the case of three other regional lines. As a result parts of this plan may still be realised in the future (Ministry of Infrastructure and the Environment, 2011a).

Are splitting up and public tendering good ideas?

One could of course question whether it is a good idea to split up the railway system and then tender parts of it, as proposed. The FMN’s proposal is an anachronism in that it is in conflict with current thinking about the organisation of public service delivery. The ‘magic concepts’ that prevailed in the 1980s and 1990s, such as efficiency, result-oriented activities, performance management, privatisation, market forces and public tendering, have lost their attractiveness. On the contrary, these terms now have the opposite effect: representing everything that people dislike about public service delivery (see also Pollitt & Hupe, 2011).

The disruptions in the railway service during the last decade have contributed to this turnaround in the political climate. Several causes have been identified that may explain why the NS rail transport company and the Dutch infrastructure provider Prorail have consistently been unable to improve their rail service delivery. Examples of these are frozen railway switches, autumn leaves on the tracks and even square train wheels. Many politicians increasingly believe that the introduction of the market into the rail sector by splitting up the formerly integrated NS into a transportation company and an infrastructure provider is to blame for these problems, and that this development should be halted. Public services such as the public railway transport system should be organised by the public sector (Thijssen 2011; Berghuis & Veraart, 2011).

The hustle and bustle in the field of public transport, by the way, is quite insignificant in comparison to the disastrous effects of embracing organisational forms and management strategies that are derived from the private sector in other fields of public service delivery in the Netherlands. To name just a few examples:

- Excessive wage levels of managers in public agencies that have been placed at arm length of government, such as housing associations, hospitals, and the social security authorities.
• Unsuccessful real estate ventures undertaken by care institutions, such as Philadelphia, resulting in near bankruptcy and a deterioration in care for clients (Chavannes, 2009).
• The ‘stopwatch culture’ in healthcare, forcing nurses in hospitals, nursing homes and home care to perform their duties under time pressure, thus reducing their time for contact with their patients or clients (De Blok & Pool, 2010).
• Tenders in home care that result in employees in these organisations no longer receiving permanent contracts, and in outsourcing of certain domestic services to cleaning companies. Some organisations even went bankrupt, such as Maevita, a major player in the field of Dutch home care (Koster, 2009).
• Due to efficiency demands, higher education institutions, such as the Dutch Inholland University of Applied Science, issuing diplomas to students too readily, thus compromising quality (Inspection Report Ministry of Education, 2011).

Public service delivery cannot be governed like a private firm

Although there is a story behind each of these examples, the media reports identify a common denominator. In recent decades, politicians and managers have been enticed by appealing concepts such as efficiency, result-oriented actions, performance measurements, and market forces, and this seduction has compromised the quality of public service delivery.

According to public administration scholars, we have arrived in the post-New Public Management era (Bouckaert et al., 2010). We no longer believe the economist-inspired mantras of New Public Management (NPM) that originated in the Anglo-Saxon countries. These mantras assume that public services can be governed like a private company. They stipulate that the inefficiency in public service organisation can be countered by splitting up services that were previously integrated in government bureaucracies, and by transforming government departments into independent agencies run outside the control of politicians or even as private organisations. They imply that the management of public services benefits from the use of management instruments derived from the business sector, such as contracts, tenders, performance management and benchmarking (Hood, 1991; Osborne & Gaebler 1992; Pollitt et al., 2007; Van de Walle & Hammerschmid, 2011).

Lodewijk Asscher, city councillor for the socialist party in Amsterdam, phrased his indignation about the InHolland diploma affair as follows: ‘you don’t manage an educational institution like a cookie factory’ (HP/De Tijd,
29 April 2011). For too long it has been assumed that the public service could be organised like a business.

But if that is true, what is the appropriate solution? If it is true that NPM is the cause of most of the problems that public services delivery faces, that we have denounced our neo-liberal ideas due to the financial crisis, and that we indeed have entered the post-NPM era, what lies ahead?

**Back to the Weberian welfare state?**

Is it possible for us to fall back on the integrated service delivery stemming from public bureaucracy in the positive sense of the word, as envisioned by Max Weber (Fry & Raadschelders, 2008)? A neutral, rational organisation that places itself at the service of the public interest, as defined by the institutions of the representative democracy? A public service whose servants are not driven by their own interests, but instead follow rules and procedures, and are driven by an intrinsic public service motivation (Hughes, 2003)? Can we place a renewed trust in public service professionals who will display a renewed confidence and pride, based on their own motivation, in selflessly employing their skills and expertise for the good of their clients (Jansen et al., 2010)? And will all of this result in a high-quality, integrated public service delivery that is offered equally and on the basis of solidarity to all members of the community? Such a Weberian public bureaucracy may be even more anachronistic than the FMN’s proposal for a public tender of Dutch railway transport. It ignores the complex, pluralist, individualised nature of today’s network society, which cannot be governed centrally. In addition, the reality of Weber’s public bureaucracy was entirely different. The representative democracy is defective as a mechanism for defining ‘public interest’ authoritatively. Politics often cannot guide what happens within the public service organisation. Processes within the public service organisation are often not characterised by neutrality, nor by the unequivocal implementation of instructions and procedures. Within the public service, there are undoubtedly people who take a service-oriented approach, and are motivated to serve the public (Hughes, 2003; Steijn & Groeneveld, 2009). However, the prevailing bureaucratic reality may also be one of scrimping, time serving, pursuing personal or organisational goals, and bureaucratic politics; one in which professionals often have constructed their own little empires and find it difficult to deal with tasks and requests beyond their own discipline.
What lies beyond the New Public Management era?

Entering the post-NPM era, we seem insufficiently equipped for organising and managing our public service delivery. The NPM toolkit is out of favour, and the good old bureaucracy model appears to be too obsolete to fall back on, although some do present this as a valid option (Olsen, 2005).

But perhaps this discussion is mainly theoretical. No matter how convinced we are that the NPM-era is over, NPM is far from dead in practice. NPM practices prevail and perhaps we are not ready to abandon NPM. Sure, we don’t want its failures. But above all, we expect more. In addition to the efficiency that Weber's bureaucracy was unable to offer, we now want to see the realisation of various public interests that we couldn't even dream about in the pre-NPM era: public interests such as delivery security, reliability, affordability, accessibility, sustainability and safety (Beck Jørgenson & Bozeman, 2002; Van Gestel et al., 2008; Veeneman et al., 2009).

In this context, Christensen and Laegreid (2007) use the term ‘layering’: public governance organisation is not characterised by a pendulum motion from Weber’s hierarchy to market forces and back (Thelen 2004, Olsen, 2009). Rather, the various forms of organisation and management develop gradually over time, like sediment layers in a riverbed. The most recent innovations are added to organisations and working methods that are already in use. Pollitt and Bouckaert (2004) argue that this is why continental European democracies, including the Netherlands, have escaped from the ‘hard-edged’ implementation of NPM. Here, NPM innovations have been softened and embedded in Weberian tradition; they had to fit into the legal framework, conform to the principle of equality, and serve the public interest. This is why Pollitt speaks of the Neo-Weberian state (see also: Pollitt et al., 2007).

In the post-NPM era, a new layer will be added to this existing mix. The intriguing question is what this layer will comprise, and how it will mix with the existing modes of governance.

In this inaugural lecture I will explore what the organisation of public service delivery might look like in the post-NPM era. Hypothesising that this new practice will be built upon that which already exists, I will look for hybrid solutions that try to combine the positive aspects of NPM with the new demands of public service delivery. I will do this by presenting an ex ante analysis of the implications of the FMN’s New Railway Plan, should it be implemented. This analysis is guided by the following question: how can the policy objective of achieving efficiency gains through separate concessions be balanced with the need to safeguard quality and public values in public rail transport service delivery? Before we proceed, however, we need to clarify the expectations we have of public service delivery.
Public service delivery means providing citizens with services that are in the public interest. These services are not automatically provided by the market or by society, and it is the general opinion that they are the responsibility of the authorities. Examples include the provision of education, care, healthcare, security, public transport, energy and water. The demands that are placed on public services differ from those placed on services and products that are provided by the market. As Lodewijk Asscher put it: ‘you do not manage an educational institution like a cookie factory’. But what is it that makes public service delivery so different? In my opinion, the following distinctions are relevant:

1. Public services rarely involve the realisation of a single, clear objective. In rail transportation it is not only the travel time that matters. The frequency of trains, the number of changes needed, accessibility, convenience, information provision and safety count too. Service providers have to make trade offs between these diverging and sometimes contradictory demands. Quality of public service delivery, in other words, is a multifaceted concept (Steenhuisen, 2009). Therefore, it is not easy to assess quality (De Bruijn, 2007).

2. If a home care institution provides household services, this includes more than just cleaning activities. It also includes a social aspect: it breaks the client’s social isolation. If home care is managed solely on the basis of costs, the service provider may not have any time available for social chat with clients. In other words, there are ‘soft’ aspects to the quality of public service delivery that suffer from an exclusive emphasis on cost and efficiency (De Blok & Pool, 2010).

3. Public service delivery is not just about the result, but also about the way this result is achieved. High wages may attract the best managers but high wages cannot be reconciled with the public’s perceptions about how public services should be remunerated. It is not just effectiveness and efficiency that are the measures for good public service delivery; legality, legitimacy and transparency are also important (Ringeling, 1993; WRR, 2004; Van Gestel et al., 2008).

4. Government does not have normal clients. The mechanism of supply and demand is often non-functional. The public authorities offer certain services and these do not necessarily correspond with the demand. Since it is not always the user who bears the costs, there is an inherent risk of over-consumption, for instance, in healthcare. Under-consumption may be an issue too. Many public services are not used voluntarily: for instance, not all recipients of social security benefits are enthusiastic about the reintegration programmes offered to them. Some therefore argue that the gov-
ernment has no clients (Berg, 2008). In any case, when it comes to public service delivery, the client is not always king.

5. Public services are rarely isolated. Quality is only achieved in connection with other services. When a youngster is referred to youth care services, there may be a background of problems at school, at home, with the law, and psychiatric problems, all intertwined in a way that is impossible to disentangle. If they are to achieve any result, the different care providers need to cooperate. Integration and connectivity, in other words, are important preconditions for quality.

6. Public service delivery calls for public service providers that are particularly committed (Goossensen, 2011). We are not talking about re-stocking the shelves of the local supermarket. However, commitment is not self-evident in the public sector.

On agents and stewards

One of the motives behind the NPM movement is fed by the observation that civil servants within government bureaucracies are not as driven by the motivation to serve the public interest, as Weber assumed. On the contrary, public servants often develop the strategic behaviour that is characteristic of ‘agents’ (Hughes, 2003). According to the Agency Theory, agents behave in a calculating, opportunistic and self-centred way (Jensen and Mecking, 1976; Ten Heuvelhof et al., 2009). They lack an intrinsic motivation: instead of prioritising the quality of the public service delivery, their aim is to minimise their contribution and maximise their advantages. If this behaviour is to be curbed, public servants need to be motivated externally, for instance, by assessing them on the basis of clearly defined performance indicators.

However, those who criticise the NPM feel that the cure is worse than the disease. When public servants are treated as ‘agents’, they no longer have the freedom to adjust their service to their individual client’s specific needs. This will discourage them, alienate them from the cause, and make them cynical (Tummers et al., 2011).

Good service delivery does not call for agents, but rather for stewards. At least, this is suggested by the Stewardship Theory that has been developed by economists in reaction to the Agency Theory. Stewards are service providers that are dedicated to serving the public case they are entrusted with (Davis et al.; 1997; Block, 1993; Mills & Waterhouse, 2008). According to this theory, this cannot be achieved through external motivation. Performance management that is inspired by distrust and the urge to control is ineffective. A steward is driven by his or her intrinsic motivation. Measures to promote this include education, training, encouragement and inspiration. And, in addition, giving them responsibility and as well as granting them a certain freedom to act In
other words, a commitment-oriented management style is more effective than a control-oriented one (Lawler, 1986; March & Olson, 1989).

**Efficiency or quality?**

Let us revert to the question of what constitutes good public service delivery. It is clear that efficiency is not the only thing that counts. The quality of public service delivery is very important as well. But quality is difficult to assess. In any case, coherence and commitment are important. But so is efficiency. Since market forces do not function optimally in public service delivery, incentives to use public resources sparingly are weak. Good public service delivery is therefore about quality as well as efficiency. The important question is how public service delivery can be organised and managed in such a way that both quality and efficiency can be accomplished?

**3 Splitting up and reconnecting**

Public policy literature states that the introduction of New Public Management, including market forces, has led to the splitting up of public services. Splitting up consists of unbundling previously integrated activities, tasks or organisational forms that are aimed at providing public services (Osborne, 2006; Hughes, 2003).

- Splitting up may entail specifying the services and products that are to be provided. This will separate them from other activities, which were previously performed in an integrated manner. In home care, for instance, this is done by separating care from domestic services like cleaning.
- This splitting up becomes more pronounced when the services that are to be provided are linked to performance indicators, and service providers are evaluated on the basis of these. Service providers are rewarded for focusing entirely on the realisation of the services that have been defined. Indirectly, they are discouraged from engaging in other activities, which, based on their professionalism, they perhaps used to regarding as a logical part of their task.
- Splitting up may also affect the organisation of service delivery. Parts of the government organisation, for instance, may be privatised or made independent. This allows them to focus on a more business-like realisation of a task or service.
- Splitting up may also entail putting out to tender and subcontracting of services that were previously carried out internally. This also implies that tasks are performed separately; new parties are usually subcontracted to do this.
NPM can’t be reduced to these unbundling activities, though. Pollit & Bouckaert (2004) for example argue that quite different management methods are included in NPM. The scaling up or merging of organisations may also be NPM-inspired. In addition, not all organisation and management reforms that have been embraced in the public sector over the last two decades are forms of NPM. NPM hasn’t been the only kid in town. For that matter, not all unbundling efforts in public governance are derived from NPM. Any kind of organisational and functional specialisation by definition results in splitting things up and setting things apart. One of the major problems that has jeopardised the coherence of public service delivery in the Weberian welfare state has been fragmentation, due to task differentiation, resulting in a large number of governmental organizations, each being responsible for a separate task, function or policy. (Hughes, 2003). NPM has not solved this fragmentation. Rather, it has made it worse.

For this reason some people hold NPM in disregard. Public service delivery has disintegrated even further. Too much focus on measurability and efficiency results in less visible, ‘softer’ interests being neglected. Time and money displace quality. Public and professional values are compromised. Public administrators and managers are losing their sense of direction. Service providers can no longer adjust their services to meet the needs of their clients. Alienation and loss of meaning result in confusion, cynicism and opportunistic behaviour (Trappenburg, 2009; Chavannes, 2009; Graham & Marvin, 2001).

Others, however, indicate that NPM has contributed significantly to a much more effective, goal-oriented and profiled government, which operates in a more transparent and client-oriented way. Moreover, they claim that NPM has resulted in better awareness of the various public interests that are being served. Although general opinion may disagree, the unbundling and splitting up of services in regional bus and rail transport has indeed resulted in better service delivery (Ministry of Economic Affairs, 2008; WRR, 2008; Van de Velde et al., 2010; Franssen et al., 2011; Schut, 2009).

Tragically, this does not necessarily make public service delivery a success. Due to the complexity of service delivery, the splitting up of organisations and services in order to optimise these inevitably results in broken links, and in interfaces that are insufficiently acknowledged and coordinated. Coherence within the service delivery is lost, and as a result it no longer corresponds with customer demand. Unbundling and splitting up of organisations therefore always creates a need for reconnection and coordination.

Coordination entails efforts to restore the connections that were broken as a result of unbundling. This coordination is in itself not new either. After all,
the classic task of organising includes the combination of specialisation and integration. However, it is the extensive splitting up of public services by NPM that makes this task special. Traditional ways to coordinate activities no longer suffice.

Literature identifies this as the challenge government is faced with in the post-NPM era (Bouckaert et al., 2010; Pollitt et al., 2007; Van der Walle & Hammerschmid, 2010). Ideally, this coordination ensures that the goal-orientation of NPM is combined with integration, commitment and quality. Splitting up creates a need for reconnecting.

Earlier in this inaugural lecture I promised to take you on a journey to explore the potential organisation of public service delivery in the post-NPM era. At this point, it is clearer which direction we should take. Our exploration will have to focus on three things: the nature and implications of the splitting up of public service delivery that results from NPM approaches; the resulting need for coordination; and the new coordination approaches that are currently being developed and tested in practice. To this end, I will continue by presenting an analysis of the regional unbundling and coordination efforts undertaken in the context of railway services in the Netherlands. I will build upon the experiences with the current organization of regional railway services, as well as on an ex ante analysis of implications of the New Railway Plan.

4 Splitting up the railway service delivery

The NS currently operates the main network of public railroad transport in the Netherlands. The Ministry of Infrastructure and the Environment granted the NS an exclusive concession through negotiation, which means that they have the monopoly for delivering railway services for the period 2000-2015. For the duration of this concession, the Ministry will control the NS through a performance contract. Nevertheless, service delivery is not exclusively in the hands of NS. In order to operate its train services, the NS depends on infrastructure provider Prorail. Prorail manages and distributes the railroad capacity. If something goes wrong in the railway network, people immediately ask who is to blame: the NS or Prorail. These two parties regularly blame each other.

The NS is not the only rail service provider in the Netherlands though. The exploitation of the Dutch part of the High-Speed Rail Link between Amsterdam and Paris (HSL-South) was granted in a separate concession to the High Speed Alliance (HAS), of which the NS is a partner. In addition, concessions have been issued for the regional railroads. These are railway lines on the margins of the main railway network that the NS dismissed as unprofitable. The responsibility for these services has been decentralised. It now lies with provinces and regional authorities, which have tendered these lines publicly.
Regional transport companies such as Arriva, Connexxion, Syntus and Veolia have been granted these concessions. In addition to the revenues they generate with their rail services, they receive subsidies from the decentral governments.

In early 2011, the minister was about to grant the concession for the main railway network to the NS through negotiation once more. The condition was that the NS would work in a more goal-oriented way, and that it would contribute to the realisation of a 160 million euro budget cut in the railway sector. In addition the minister contemplated merging the HSL-South concession with that of the concession of the main railway network. Since the operation of the HSL-South was unsuccessful and the HSA is headed for bankruptcy in the short run, merging the two concessions might convince the NS to bear a part of the 2.4 billion euro costs that will result from this bankruptcy. Granting of the integrated rail concessions to the NS without public tendering would eliminate the possibility of increased competition in the railway sector, though. With a view to integrated service delivery, this is tempting. However, if you are of the opinion that it is the lack of competition that underlies the limited efficiency and commitment of the NS bureaucracy, you will see this development as less desirable. This is when the regional transport companies presented their New Railway Plan.

The New Railway Plan as an institutional design

As previously mentioned, the plan encompasses splitting up the main railroad network into separate concessions, namely: the High Speed Rail Link concession, one to three intercity networks and five regional networks (FMN 2011a; 2011b).

The plan presents a blueprint to restructure the railway system. In addition to the transport-related component, there are organisational implications. Consequently, the plan is an institutional design as well. Public administration scholars are not especially keen on blueprints. They are traditionally sceptical about the degree to which institutions can be engineered. Therefore, I propose to regard the New Railway Plan as a general direction of development as opposed to a blueprint or design. It may be used to identify options for gradually scaling-up the existing practice of regional service delivery. Such an incremental, step-by-step transition process leaves room for learning, readjusting and, if necessary, reverting (Koppenjan et al., 2012). At the moment, I consider splitting up the intercity network too ambitious given the complexity of that system and the uncertainties that accompany this process. What is more, the minister has indicated that she intends to grant the main railway line as a whole to the NS. Therefore I will focus my analysis on the implications of the hypothetical introduction of regional networks, which in my opinion is realistic and may still take place. I will base this analysis on the study
that I conducted in 2011, together with my colleague Lasse Gerrits. This study focused on the organisational implications of the New Railway Plan, and was commissioned by the SEOR, the research institution associated with the Erasmus School of Economics (Franssen et al., 2011).

Cut out for regional service delivery: regional railways

The introduction of regional railway networks would imply that the existing stop-train services in the regions that are currently serviced by the NS will be granted to regional transport companies as separate concessions. These may or may not be put out to public tender. The New Railway Plan proposes five regional networks in the Netherlands: North Netherlands, Overijssel-Twente, Gelderland, Brabant and Limburg.

Slow-trains will be replaced by regional sprinters. These will run more frequently, stop at more stations, correspond better with bus services, and allow for better adjustment to the preferences and needs of regional passengers and regional policy. Train service punctuality will be improved, as the regional stop-trains will be limited to their own regions, and will not be connected to the long-distance lines to and from the western part of the country. The snowball effect of disruptions to service will therefore be limited. Importantly, the introduction of regional networks is geared towards a growing number of passengers (FMN, 2011b).

Whether or not the division into regional networks will live up to these promises is of course not entirely certain (Franssen et al., 2011, Ministry of Infrastructure and the Environment, 2011b). However, these promises are not without any empirical foundation. The plan to establish regional networks builds upon the successes of the previous decentralisation and tendering of the railroad services.

The regional railroad companies have in fact managed to revive the lines that the NS wrote off as being unprofitable. By offering a better service, they have managed to attract new passengers. Customer ratings show that passengers appreciate services offered by the private regional railroad companies more than those of their public counterparts (Consumentengids 2011; KvPP 2011; Franssen, 2011). These companies operate at a lower cost than NS: they have lower overheads, and use their staff and material more efficiently. Regional transport companies such as Arriva and Veolia are small, flexible and managing their organisations themselves, focussing on providing optimal service delivery within their concession.

The small scale of these companies is relative, though. Arriva is part of the German national railroad provider Deutsche Bahn. Veolia is French-owned. Furthermore, recently Veolia and Connexxion have merged. Some fear that
foreign companies such as Deutsche Bahn will out-compete the Dutch NS. On the other hand, clients can be sure that the small-scale regional rail service providers will not go bankrupt easily, and that they can draw upon the resources and expertise of the major international players that are affiliated with them.

The regional railroad companies have proven to be service providers that exceed minimum standards. They are customer oriented and they offer innovative ideas, and as such behave more like strategic partners to the government than agents who stick to the bare minimum. In short, they are more committed to regional railway service delivery than the NS, which is located centrally in Utrecht.

5 THE RISK OF FRAGMENTED SERVICE DELIVERY

The splitting off of separate regional railway concessions from the main railway network, has resulted in more efficient and effective service delivery with committed, smart, and lean service providers. And now the minister is faced with the choice of whether or not to apply the same principal on a larger scale. But is past performance a guarantee for future results in this sector, particularly given the fact that this scaling up will involve splitting up the current integrated railway network? Which links will be broken and at what costs? Let us therefore examine which divisions will be the result of granting regional concessions to regional transport companies, and how these may affect the coherence, commitment and quality of the service delivery.

1. A split between the transport companies.
Trains from different service providers will have to use the same railroads and the same stations. Trains will literally meet, resulting in scheduling and coordination problems. In the UK, for instance, some serious accidents have occurred. The infrastructure was privatised in the UK, which observers see as the root cause of the major fragmentation that caused these problems (Pollitt & Smith, 2002). In the Netherlands however, the rail infrastructure has remained integrated and in public hands. In the New Railway Plan this situation would not change. The regional transport companies even claim that the shorter regional stop-train lines that are proposed in their plan will reduce the complexity and the vulnerability of their system. Nevertheless it is obvious that the joint use of the infrastructure will have to be carefully orchestrated.

2. A split between the concessions.
The regional companies will optimise their service delivery within their concessions. Obviously transport needs of passengers do not necessarily fall
neatly within the borders of these concessions. The New Railway Plan will introduce new interfaces between intercity trains and stop-trains, between different regions, between stop-trains and bus and taxi transport, and between existing and new concessions. The result may be that transport services are no longer properly connected, and that it will be harder for passengers to change trains using a single ticket. Passengers may also receive incomplete or confusing service information.

3. **A split in organisational continuity.**

A new service provider is replacing the original one. What will happen to the legacy of NS? Staff will have to transfer. The same is true for some of the railroad equipment. Will the regional transport companies propel themselves into the spotlight with brand new trains? How can the destruction of capital be prevented?

4. **A split in functional coherence**

The regional concession holders are efficient and have low overheads. The downside is ‘organisational anorexia’. In their desire to minimise costs, these service providers will keep reserves to a minimum. This may compromise the reliability of their service. The NS complains, for instance, that the smaller regional transport companies can only maintain their level of efficiency because they pass the additional costs on to the NS and their regional authorities. The regional railway companies do not have a buffer of spare rolling stock and in emergencies they depend on the NS to provide them with additional trains.

5. **A split in administrative jurisdictions**

The splits in the proposed regional networks do not correspond with the borders of provinces and of regional authorities that are responsible for regional traffic and transport policy. The question is which governmental organisation will be responsible for the tendering of the regional networks. Bus transport in the northern provinces, for instance, is administered by Public Transport Bureau Groningen Drenthe, while the provinces are in charge of the railway concessions. This hinders coordination between the bus services and the train concessions.

6. **A split in the networked relationship with a service provider**

Introducing regional rail networks implies the introduction of various private service providers in the railway system. By doing so, the government exposes itself to uncertainty in terms of future market developments. The recent merger of Connexxion with Veolia and the even more recent decision of Veolia to sell its transport activities are examples of such developments. Case studies from abroad indicate that the introduction of market forces is often followed
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by mergers or take-overs. A decrease in the level of competition may reduce the efficiency and commitment of transport companies (Koppenjan 2008a).

The necessity of reconnecting efforts

Tendering the regional networks holds the promise of gaining the advantages of NPM: dividing the service delivery into clear tasks that can be performed efficiently and transparently. However, this results in fragmented service delivery. This fragmentation may compromise the coherence and quality of the service delivery – and also its efficiency. Dividing service delivery is not very wise if there is no guarantee that there will also be integration efforts. There is a need to coordinate the new interfaces that will result from the introduction of regional rail networks.

6 Theoretical intermezzo: how can reconnection be accomplished?

What should the nature of this reconnecting effort be in relation to the introduction of regional networks? Let us first examine what theory in the field of public administration has to say about coordination, especially when used as a way to compensate for the negative effects of splitting up public services. Theoretically, this coordination can be organised in three different ways (Bouckaert et al., 2011). Below, I will briefly discuss these.

1. Re-imposing hierarchical coordination

One common approach to restoring the integration of public service delivery after unbundling is to establish or strengthen central coordinating bodies that coordinate the activities of task-oriented organisations. In the rail sector this could be accomplished by strengthening the position of infrastructure provider Prorail. A second kind of coordination is the introduction and reinforcement of control and supervision. This can be done by enhancing the quality of corporate governance in, for instance, housing corporations or public schools, or by stimulating a more active role for inspectors or regulators. Hierarchical coordination could also take place through the active involvement of political parties or parliament within certain policy sectors. Another option is to re-integrate organisations that were hived off or privatized during an earlier stage into the public sector (Bouckaert, et al., 2010).

Whether or not hierarchical coordination is the right solution greatly depends on how it is organised. If it stems from the notion that only parliament can define what is in the public interest, and that activities should be controlled centrally, this seems incompatible with the complexity of public service
delivery and the specific demands for public services. The call for hierarchical coordination often seems to be inspired by a nostalgic desire to return to the Weberian welfare state (Koppenjan et al., 2011).

2. **Competition Management and Smart Contracting**

The market – as represented by privatisation and contracts – has strongly contributed to division and fragmentation in the past. Especially in the absence of competition, privatisations and contracts result in monopolies and unwanted strategic behaviour. The NS, for instance, is tempted to force passengers into its unprofitable high-speed line, Fyra, by cutting the services of the main railroad network. Increased competition is one potential solution. Market instruments may also be employed to stimulate cooperation and safeguard integration. One way to do this is to govern tenders and contracts not just on the basis of cost, but also on the basis of quality and integration, or by safeguarding public interests in contracts that specify additional requirements, by introducing quality incentives, or by imposing coordination and alignment requirements on the private party (Van Twist & Veeneman, 1999; Koppenjan & Verlaan, 2009). This ‘smart’ contracting and tendering is not without risk. It is based on the assumption that the authorities have an exact prior understanding of the interests and needs that are to be safeguarded. It may result in contracts that are burdened with additional requirements. This creates an impression of distrust. It also limits the freedom of service providers to deliver quality. When authorities aim to outwit service providers with ‘smart’ contracts, service providers may be motivated to develop smart evasive behaviour (Stout, 2007).

3. **Network Governance**

**Network governance** is a kind of coordination aimed at promoting interaction between autonomous yet mutually dependent parties (Bouckaert et al., 2010; Kickert et al., 1997; Torfing & Sørenson, 2008; Klijn, 2008). The interfaces that are created by splitting up service delivery may be managed through horizontal steering and furthering collaboration between the parties that are involved in service delivery. A large number of parties are involved in service delivery: politicians, public policy officials, policy makers, managers, suppliers, service providers, users or clients, and volunteers who support users. Their interactions do not correspond with a single principal-agent relationship, rather, various principals and various agents are involved, and their relationships have the characteristics of a network (Putters, 2009). Within this network, the interactions may take the shape of specific game-types.

- Policy officials, politicians and managers can either attempt to shape the service delivery themselves, or allow service providers that are closer to the users or the issues to do so by providing them with the necessary resources and support.
• Managers and authorities can either draw up strict conditions within which the assignment is to be carried out, or grant the service providers and subcontractors a certain amount of freedom and cooperate with them.

• Service providers can either follow their own needs and interests, or attempt to align their services with the expectations of the authorities, other service providers or clients.

• Users and the people and organisations supporting them can evade, abuse or sabotage public services, or make an active and constructive contribution to the provision of these services and their quality.

As a result, service delivery may be like a cat-and-mouse game, with each of the parties maximising its own profit at the expense of the common or public interest. Alternatively, it may also be a concerted interplay in which the various demands that are placed on the service delivery are aligned as much as possible. The quality of the service delivery will strongly depend on the degree to which parties succeed in coordinating their efforts and reconciling potentially conflicting demands (Noordergraaf, 2008; Putters, 2009). This is a difficult task that is not easy to accomplish. The interplay between the parties involved in service delivery calls for a coordination or governance form that allows this (Rhodes, 1996; Kersbergen & Van Waarden, 2004). A governance mode in which one party unilaterally and a priori defines of the nature and quality of the public service delivery, as is the case in some central coordination forms and fixed contracts, would not suffice. Such control-oriented governance nurtures distrust and prevents the parties from arriving at high quality, coherent and committed service delivery through interaction and improvisation (Van de Walle & Vogelaar, 2010). In line with the earlier mentioned idea of commitment-oriented management, I would suggest here that network governance is needed: governance that allows the parties involved in service delivery a certain amount of freedom and also stimulates cooperation. Network governance is a governance mode that enables them, provides them with resources and opportunities, and motivates them (Koppenjan & Klijn, 2004; Klijn, 2008). Williamson (1979) would speak of relational contracting.

Network governance, however, may also have drawbacks. It may result in lengthy deliberations with high transaction costs, resulting in ineffective outcomes and deals that are not transparent.

In this paragraph I have described three potential approaches to restoring coherence and consistency in fragmented service delivery. Integral and committed service delivery calls for an interaction-oriented governance mode. The above illustrates that network governance is particularly promising as a coordination form. Does this imply that there is no role for hierarchical coordination or market instruments? Let us revert to the New Railway Plan to examine
the potential roles of these three coordination modes in restoring coherence in service delivery in practice.

7 Reconnecting the regional rail service delivery

I will outline four potential scenarios for coordinating the new relationships resulting from the introduction of regional railway networks. These scenarios represent hypothetical options for the design of potential coordination forms, or governance structures. A governance structure consists of the arrangements that organize and govern the relationships between parties involved in a policy, a public project or the delivery of a public service. Although hypothetical, these scenarios are based on empirical evidence. They draw on experiences with the institutional arrangements governing the public service delivery in regional bus and railway transport in the Netherlands (Franssen et al., 2011; Van de Velde et al., 2010). The choice between Scenarios 1 and 2 is in the hands of the Minister of Infrastructure and the Environment. The difference between Scenarios 2, 3 and 4 lies in the nature of the relationships between regional transport authorities and transport companies.

Scenario 1. One undivided main network
The first scenario is the baseline option. It implies the rejection of the New Railway Plan and the associated introduction of regional rail networks. If the main railroad network is tendered as a whole, the railway transport will remain an integrated system. Hierarchical coordination is shaped centrally from The Hague and Utrecht. In order to prevent the rail network from being easy prey for foreign competitors, an obvious solution is to grant the concession to the NS through negotiation. This way of coordinating comes at a cost, however: it remains uncertain whether it is possible to realise a governance structure that can put a stop to the cat-and-mouse game within the troika of neo-Weberian bureaucracies that govern the railway network - the ministry, Prorail and the NS. This scenario consolidates the existing system, it precludes competition, and it excludes possibilities for regionalisation as well as for the internationalisation envisioned by the EU.

Scenario 2. Decentralization with regional authorities taking the lead
The second scenario entails the introduction of regional networks, combined with the decentralisation of responsibilities to provinces and regional authorities. Coordination efforts in this scenario differ from those in Scenarios 3 and 4 in that regional transport authorities adopt a central role in this process.

Decentralisation of the regional railway services is inspired by the notion that provinces and regional authorities are better informed about the regional demand for transport, and are positioned closer to the regional passengers.
In this scenario, decentralisation does not rule out the involvement of the Ministry of Infrastructure and the Environment. On the contrary, the Ministry will have to be the driving force behind the decentralisation. The ministry should also safeguard the integration of the system as a whole. Decentralised authorities can optimise their regional transport services within the framework set by the ministry. This framework, among other things, includes ensuring operational coordination by Prorail.

This scenario implies a transfer of the NS staff to regional transport companies. No additional coordination efforts are needed in this respect because legislation to regulate such a transfer already exists. The dual role of the NS with regard to providing common services such as station usage, information provision, and the management of equipment, while also dividing the revenues, is problematic in this scenario. A balanced distribution of tasks requires that these functions rest with independent parties. This, in turn, requires further institutional design efforts by the ministry.

This scenario calls for coordination when regional networks do not fall within administrative boundaries, as is the case in the northern provinces. Regional public transport offices may assume this role (Janssen et al., 2011). With regard to competition, this scenario – as well as Scenarios 3 and 4 – will result in the NS having to face competition. Since regional networks result in larger concessions, it is likely that foreign transport companies will show an interest in them. In other words, this scenario allows the Dutch railway system to anticipate further internationalisation without opening up the Dutch market in an uncontrolled way.

Scenarios 2, 3 and 4 allow for alignment of regional railway transport with the ambitions of regional administrators and regional policy. Coordination of regional train, bus and taxi transport may be optimised. This also allows regional passenger organisations to voice their preferences regarding tendering and contract management in dialogue with the transport companies and regional authorities. Differentiation according to specific needs is possible within the various regional networks while system integration is maintained.

Scenario 2 differs from Scenarios 3 and 4 in the way in which the regional transport authorities control the transport companies. They do this by drawing up contracts that specify the services to be provided in great detail, thus aiming to safeguard public interests. The contracts require the transport authorities to bear the financial risks.

**Scenario 3. Letting the regional transport market take its course**

Scenario 3 differs from 2 in that regional authorities grant more freedom to the transport companies, and also pass on to them the responsibility to generate revenues. In taking on this financial risk, the transport companies adopt
a financial stake in increasing the number of passengers. They will therefore employ their revenues, as well as their entrepreneurship and marketing skills, to attract more passengers. They will do this by providing comfortable trains offering frequent services that are integrated with the schedules of the NS intercity trains and bus lines operated by other companies.

The current practice of regional rail and bus transport combines Scenarios 2 and 3. Over the years, there has been a notable shift from the use of general contracts, as described in Scenario 3, towards contracts that are more specific, as in Scenario 2 (Van der Velde et al., 2010). This may be a response to the strategic behaviour of transport companies, acting as agents instead of partners or stewards, thus creating the need for additional control. Alternatively, regional authorities may grow in their role, acquire additional knowledge and expertise, and therefore develop a more detailed involvement with the regional transport. It remains unclear whether or not the quality of the service will benefit from this. In any case, this situation creates a paradox: there seems to be a development whereby the ambition to introduce more market forces in public transport eventually leads to a greater role for the authorities and reduced entrepreneurship by private parties.

Scenario 4. Collaborative contracting

In Scenarios 2 and 3, coordination is exclusively in the hands of either authorities or service providers. The fourth scenario stems from the notion that there are disadvantages to both scenarios. If the authorities unilaterally define the quality and the costs of service delivery, this ignores the fact that it is difficult for the authorities to do so in advance, since as principals, their knowledge and information is limited and their preferences will not remain the same during the concession period. Also, it reduces transport companies to passive contractors, without providing them with an incentive to contribute to the quality of service delivery. Scenario 2 thus results in a control-oriented governance structure.

Passing the task of coordinating on to the concession holder, as is the case in Scenario 3, also entails risks. This strategy is based on three assumptions: 1) that authorities will refrain from interfering with service delivery; 2) that this will not change during the concession period; and 3) that the concession holders will consistently behave like committed stewards for the duration of the 15-year concession period. All three assumptions, however, are highly unlikely. Scenario 3 is characterised by a governance structure that gives the service providers discretionary freedom. It does not, however, address the need for continuous coordination between the authorities and the concession holder.
Scenario 4 contractually assigns the responsibilities and risks to both parties. Since service delivery is not a one-off activity, new and unforeseen circumstances will inevitably arise. These will also contribute to changes in perceptions of quality in service delivery. Integration, quality and commitment can only be safeguarded if the parties involved can coordinate what is needed and what they expect from the service delivery. This, in turn, requires that both the authorities and the concession holders bear financial risks and that both have incentives to reduce costs and increase quality. Shared commitment is a prerequisite. Competition keeps service providers on their toes. However, performance requirements and compensation will not be determined unilaterally. In the contract, the authorities will formulate minimum requirements for the public values that they want to safeguard. In addition, the contract provides the transport companies with enough freedom to be able to improve service delivery, for instance, through multimodal contracts and territorial concessions that are not too narrowly demarcated. Most importantly, the contract will include strategies to define, account for, evaluate and adjust service delivery in mutual consultation. It will also include agreements on benefit sharing, with both parties deciding, in consultation, on the reinvestment of benefits. In this scenario, discussion and consultation, also prior to and during the tender processes, are crucial tools to share knowledge and develop a common concept of what constitutes good service delivery (see e.g., Schoenmaker 2010; Wolfson, 2010; Koppenjan 2008a).

How do these scenarios contribute to the integration of service delivery?

The scenarios outlined above describe potential approaches to coordination. Scenarios 2, 3 and 4 all aim to combine the advantages of a region-oriented concession with service delivery by small-scale, committed concession holders with the need for coherence and quality. Four lessons may be drawn from these hypothetical scenarios.

Lesson 1. The New Railway Plan is not just about tendering in order to reduce costs

The scenarios show that, with regard to the New Railway Plan, the Minister of Infrastructure and the Environment is not simply faced with the question of whether a public tender is the right tool to use in order to reduce costs. The New Railway Plan touches upon the nature of the service delivery in a much more fundamental way. The minister faces the question of what kind of railway service delivery is desirable in the Netherlands, and which public interests and values this service ought to realise. Do we want an integral, centrally managed railway system? In other words, do we want a neo-Weberian arrangement that focuses on the ministry, Prorail and NS, and excludes other service providers as well as foreign parties?
Or we prefer a railway system in which this institutional arrangement is supplemented with several lean, smart and committed service providers; a network that anticipates a future with more competition, regional specialisation as well as internationalisation?

In the meantime the minister has decided not to adopt the ideas of the New Railway plan (Ministry of Infrastructure and the Environment, 2011a). She is planning to gradually decentralise and put to tender a number of regional railway services. These intentions of the minister are in line with the gradual extension of the role of regional railway operators in the railway system as discussed earlier. However, in this way the idea of concentrating the various regional transport services in one contract, which was the core of the New Railway Plan, will not be accomplished. But the realisation of regional railway networks in the future is still conceivable. The overall development of the railway system seems to be taking another track: integration of the HSL-South and the main railway network in one integrated, centrally governed railway system. This development is pretty much in line with Scenario 1.

**Lesson 2. Governance structures are complex institutional assemblages**

The scenarios also show that collaboration between parties involved in public service provision calls for a complex governance structure. Unbundling and coordination in each of these scenarios result in an assemblage of various work and organisational forms. This assemblage is complex, because it is not limited to one single organisation or coordination mode. Rather, it combines hierarchical, market and network forms of coordination. However, since different combinations are possible, institutional assemblage may differ in nature as well. The unbundling and coordination that results from putting regional networks out to tender leads to an institutional assemblage, that differs substantially from the one that regulates the current management of the main railway network. Table 2 summarises these differences.
Table 2. Institutional assemblage in the Dutch railway context

<table>
<thead>
<tr>
<th>Role of the central government</th>
<th>The current administrative assemblage</th>
<th>Potential, or actual administrative assemblage guiding decentralised regional rail services</th>
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<tbody>
<tr>
<td></td>
<td>Central coordination by national</td>
<td>National government and Ministry of Infrastructure and the Environment define the administrative</td>
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<td></td>
<td>government and Ministry of Infra-</td>
<td>framework</td>
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<td></td>
<td>structure and the Environment</td>
<td></td>
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<tr>
<td>Principal authority</td>
<td>The Ministry of Infrastructure and</td>
<td>Decentralised governments act as principal</td>
</tr>
<tr>
<td></td>
<td>the Environment acts as the principal</td>
<td></td>
</tr>
<tr>
<td>Capacity management</td>
<td>Prorail is infrastructure provider;</td>
<td>Prorail operates as an independent infrastructure provider, with a clear task division vis à vis service providers</td>
</tr>
<tr>
<td></td>
<td>the task division between Prorail</td>
<td></td>
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<tr>
<td></td>
<td>and the NS is unclear</td>
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<tr>
<td>Coordination between service</td>
<td>Regional railway service providers</td>
<td>The service providers need to make arrangements concerning integrated ticketing, profit sharing, information provision, and management of equipment</td>
</tr>
<tr>
<td>providers</td>
<td>conform to the operating procedures</td>
<td></td>
</tr>
<tr>
<td>Nature of the service</td>
<td>The service provider has character-</td>
<td>Service providers are concession organisations that are committed to specific tasks</td>
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<tr>
<td>providers</td>
<td>istics of Weberian bureaucracy,</td>
<td></td>
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<tr>
<td>Nature of the contract</td>
<td>providing an integrated service</td>
<td></td>
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<tr>
<td>Nature of the contract</td>
<td>Concessions are granted through</td>
<td>Concessions are granted either by negotiation or by public tender; competition exists</td>
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<td></td>
<td>negotiation; competition is pre-</td>
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<tr>
<td>Financial arrangement</td>
<td>Performance contract; revenue</td>
<td>Revenue responsibility lies with the contractor or with the regional authority</td>
</tr>
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<td>responsibility lies with the con-</td>
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<td></td>
<td>tractor</td>
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<tr>
<td>Monitoring and control</td>
<td>Integrated service delivery with</td>
<td>Unbundled service delivery; the redistribution of resources is coordinated by the Ministries of Infrastructure and the Environment, and Finance</td>
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<tr>
<td></td>
<td>unclear cross-funding between</td>
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<td>profitable and unprofitable lines</td>
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<td></td>
<td>and between rail services and real</td>
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<td>estate benefits</td>
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<tr>
<td>Coordination with third</td>
<td>Monitoring and control by the min-</td>
<td>Monitoring and control by regional authorities, NMA and IVW</td>
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<td>parties</td>
<td>istry, the Netherlands Competition</td>
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<td></td>
<td>Authority (NMA) and the Inspectorate</td>
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<td>for Transport, Public Works and</td>
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<td></td>
<td>Water Management (IVW)</td>
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<td></td>
<td>Central coordination with passenger</td>
<td>Coordination with regional authorities and regional passenger associations</td>
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<td>associations and with other</td>
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Lesson 3. Institutional assemblages may enhance control or interaction

With regard to the integration and the quality of the service delivery, the central question is to what extent these institutional assemblages support or obstruct the actors involved in the service delivery in achieving productive interaction? And to what extent does this result in service delivery that combines transparency, commitment and quality?
When it comes to the realisation of an interaction-oriented governance structure, Scenario 4 seems to be the most promising. Scenario 1 does not carry the promise of adequate management of the relationship between government and contractors; the distance to the regional practice is significant. Scenarios 2, 3 and 4 are characterised by competition and incentives for efficiency and transparency. Scenario 2 places all responsibility with the public parties and leaves the contractors no discretionary freedom; Scenario 3 does give contractors room to manoeuvre, but it falls short when it comes to arranging interaction.

Lesson 4. The process of assembling deserves attention too
These scenarios highlight the magnitude and the uncertainty of the organisational challenges that emanate from attempts at unbundling and coordination. Experiences with tendering in regional transport have shown that the organisation of the process is often flawed, and that parties involved only succeed in mastering the skills they need to handle the new organisational and work practices if they are introduced gradually. Often it takes a second or third round of tendering before this is the case (Van de Velde et al. 2010; Koppenjan, 2008a). Therefore one should not just ask which institutional assemblages and governance structures lead to good service delivery; just as important is the question of how the institutional design process is carried out and it can be organised. The option of limiting the reform of the railway network to scaling up regional rail services reduces the risks of large-scale failure, with regard to the institutional transition process as well, and allows for a gradual learning process. Also, if further scaling up is to be considered in the future, lessons learned from these transition processes, and the practices that they lead to, may be applied.

8 A research agenda: institutional assemblages for public service delivery
Our exploration of how public service delivery might be organised in the post-NMP era has taught us the following. Specific institutional assemblages have been developed over the past decades in various sectors of public service delivery. They combine Weberian, NPM and network coordination forms that govern the relationships between the public and private parties involved in service provision at the various administrative levels (Deleuze & Guattari, 1987; Schuilenburg, 2008; Toonen, 1989). These institutional assemblages have a composite, hybrid nature.

A second characteristic of institutional assemblages is that the functioning of a specific arrangement is not determined by its inherent characteristics but by its role within the larger context of the assemblage. For instance,
hierarchical coordination may serve a control-oriented governance structure. However, as Scenario 2 showed us, hierarchical coordination may be part of an interaction-oriented governance structure. Politicians and administrators at the centre may set objectives and conditions that facilitate interaction. In doing so they empower local actors to adapt service delivery to specific conditions, while safeguarding system integration and public interests that are deemed important (Koppenjan et al., 2009). In short, the way in which institutional assemblages combine and use various organisational and governance forms may differ. Institutional assemblages therefore have their own unique character.

Research into institutional assemblages

A major concern is to what extent institutional assemblages match the requirements of public service delivery. Public service delivery is not about delivering products. It is about realising various objectives in a complex field of parties under varying, unique circumstances. If the interaction is to result in efficient, integral and committed service delivery, it requires an institutional assemblage that is interaction-oriented, rather than control-oriented.

But there is more to consider. What is also relevant is how such a governance structure relates to NPM arrangements. My conviction is that an interaction-oriented governance structure may combine NPM practices with network governance. However, combining both requires a different way of using NPM arrangements such as, for instance, tendering and performance measures. They should not be unilaterally imposed upon one party by the other party. They should instead be defined, applied, monitored, enforced and adjusted in mutual consultation and interaction. When doing so, governance will incorporate the complexity, dependencies and dynamics that are characteristic of public service delivery (Koppenjan, 2008b). Scenario 4 gives an impression of innovative institutional assemblage that combine efficiency and collaboration. It is evident, however, that this idea calls for further research and elaboration. It is my intention to devote my research effort during the year to come to this research task.

My research will aim at clarifying how attempts at unbundling and coordination in various areas of public service delivery may result in innovative institutional assemblage. Such assemblages successfully combine the political objectives and frameworks imposed by politicians and administrators at the centre with the NPM-inspired ambition for efficiency and integration-oriented network governance. They function like interaction-oriented governance structures that offer the parties involved in public service delivery the discretionary freedom and the motivation to accomplish integration, quality and commitment through interaction and improvisation.
Towards New Public Governance

Like Stephan Osborn and others, I would describe service delivery that accomplishes all of the above as a form of New Public Governance (Osborn, 2006; 2010).

The New Public Governance is an empirical and normative theoretical perspective that acknowledges the importance of interaction as central coordinating principles in multi-actor settings, as ways of realising integrated and committed public service delivery. On one hand, this perspective is a contradictory to, as well as an alternative for, the Weberian and NPM paradigms. On the other hand, it is built upon them. Network governance does not function independently of hierarchical and NPM-like arrangements. Rather, it acts in concert with these arrangements, as a necessary and decisive component of a more encompassing, hybrid assemblage. New Public Governance enhances institutional assemblages that result in an interaction-oriented governance structure that enables and motivates service providers to balance effectiveness, transparency, quality and integration.

New Public Governance offers practitioners an alternative perspective to shaping public governance and public service delivery in the post-NPM era. For public administration scholars, it may offer an inspiring and guiding framework to study policy practices and processes, to understand them, and to base recommendations upon them.

Inspired by the New Public Governance perspective, I will focus my research at the Department of Public Policy at the Erasmus University of Rotterdam on governance structures in various sectors of public service delivery. The focus will be on three questions:

1. How do attempts at improving efficiency and accountability result in splitting up public service delivery, and which coordination efforts contribute to overcoming this fragmentation, realising an institutional assemblage for public service delivery that combines efficiency and transparency with quality, integration and commitment?

2. To what extent do these institutional assemblages function like interaction-oriented governance structures? To what extent do they support and stimulate the parties involved in public service delivery to accomplish efficiency, transparency, integration and quality in public service delivery through interaction and improvisation?

3. How does the process of assembling proceed? In other words, how are institutional assemblages influenced by conscious attempts to design and introduce new institutional arrangements and how, and with what implications, are these processes, aimed at institutional change and transition, shaped and managed?
These research questions become even more urgent in these times of economic turmoil. The government is faced with the need to implement serious budget cuts in various sectors, which will require substantial organisational restructuring. More pressing than ever is the question of how to accomplish efficiency while maintaining the quality of service delivery as much as possible.

When answering these research questions, I will build upon the theory of policy networks and network governance - one of the trademarks of the Erasmus University of Rotterdam’s Department of Public Administration. The network approach, after all, investigates how various modes of governance can promote cooperation between mutually dependent partners in complex and uncertain situations. My research aims at bringing this theory further in a number of respects.

In the first place, it will expand domain of network theory in the Netherlands to include the domain of public service delivery. In other countries, network studies are focused in particular on public service delivery (Agranoff & McGuire, 2003; Provan, Isett & Milward; Keast, Brown & Mandell, 2007). In the Netherlands policy network theory is mostly applied to complex processes of policy formation, decision-making and implementation. The complexity of public service delivery is mainly studied from what is called a ‘chain’ perspective (some exceptions include Hupe & Klijn, 1997). However, public service delivery is too complex and too dynamic to be analyzed in this manner. Applying the network approach to public service delivery will not only help to address the complexities and dynamics more adequately, it will also establish and strengthen the link with prevailing international research into public service delivery.

Secondly, one of the criticisms of the network theory is it that it focuses on interaction processes, and neglects the institutional dimension of networks (e.g., Blom Hanssen, 1997). Using institutional theory on the nature and layers within institutions, the relationship between intrinsic and extrinsic motivation structures, and the dynamics between agency and stewardship relationships, will help to understand the interplay between institutional systems and behaviour (Williamson, 1979; Ostrom, 1990; Davies et al., 1997; Hall & Taylor, 1996). It may also strengthen network theory by incorporating concepts from institutional theory in a systemic way.

In the third place, this research will focuses on the possibilities and limitations of institutional design: the process of assembling (Goodin, 1996; Koppenjan & Groenewegen, 2005). The latter has been seriously ignored not only in the network approach, but also in the entire Dutch field of public administration. In the meantime, however, practitioners have few reservations when it comes to
modifying the organisation of administrative settings. It is about time public administration starts taking institutional design seriously, both in an empirical and prescriptive sense.

In the fourth place, this research may contribute to connecting network theory and complexity theory, the youngest branch on the public administration research tree in Rotterdam. Concepts such as boundaries, self-regulation, emergence, improvisation and co-evolution appear to be promising when it comes to studying the complex settings of public service delivery. Ideas from complexity theory may also be useful in assessing attempts to introduce new institutional arrangements. To what extent and under which conditions will an overturn of the existing equilibrium result in new, stable situations with reliable public service delivery (Teisman et al., 2009)?

**Comparative research into the institutional assemblages in public service delivery**

I will address these research questions by comparing innovative institutional assemblages in various sectors of public service delivery. My research will not only focus on infrastructure-related service delivery, such as railway transport, regional and local transport, road transport and water management. I will also study non-infrastructure-related service delivery, like home care, youth care, public health care and education.

A comparative method is based on the assumption that these sectors can be compared to one another. That, however, is not self-evident. For instance, the nature of service delivery may be entirely different. Caring for a sick elderly person embodies a far more personal and emotional service relationship than that of providing a transport service to passengers— inconvenient though it may be if a train is late or a connection is missed. There are also institutional differences. Each sector has been through its own path dependent process of development over the course of time (Hall & Taylor, 1996; Thelen, 2004). As a result, very different institutional assemblages have been formed. Identical proposals may therefore yield entirely different results in different sectors (De Jong, 1999). Public tenders have been successful in regional transport, but it remains to be seen whether this success can be repeated in other service areas, such as home care. These differences, however, do not preclude comparative research. Moreover, comparisons may be appropriate for identifying these differences.

To conclude, I would like to give you an impression of what this research might look like. To do this, I will briefly stray into three other policy sectors.
1. In home care for instance, housekeeping service has been split from nursing and care. Under the Social Support Act (2007), housekeeping is now the responsibility of local authorities. In accordance with European regulations, these local authorities have put these services out to public tender since 2007, at first mainly from a costs savings point of view. For fear of losing the tenders and going ‘out of business’, Dutch home care organisations placed bids below cost. The eventual outcome was a multitude of mergers and bankruptcies. In order to be able to provide care at these low costs, professionals were fired and replaced with cheaper employees. This downgrading of jobs is still continuing, as housekeeping help is outsourced to cleaning companies (Schut, 2009; De Blok & Pool, 2010; Koster, 2009). However, in some communities coordination efforts are ongoing. Some local authorities have opted for what is called administrative tendering. In doing so, they show that it is possible to circumvent European tendering. Local authorities draw up agreements with housekeeping service providers. They agree on the conditions under which services are offered, who may provide them, how the quality will be monitored and controlled, and how this is to be reflected in the cost. This approach holds a promise of consultation with and commitment from service providers (Robbe, 2011). In the upcoming tendering round, the municipality of Rotterdam will combine the tendering of various services within districts of the city. Consortia are invited to place bids for the overall responsibility of various Social Support Act-related services at the neighbourhood level (Municipality of Rotterdam, 2011). This strategy seems to embody precisely the ambition to combine efficacy and integration that is central to New Public Governance. In other words, this development warrants attention in future research.

2. Attempts at introducing market mechanisms have bypassed the Dutch youth care system. Instead, starting in the 1990s the policy discussion regarding youth care focused on solutions to the institutional fragmentation characteristic of the Weberian welfare state (Integral Inspectorate Youth Affairs, 2009). The introduction of the communal Youth and Family Centres (YFCs) may be regarded as an attempt towards achieving network governance. These centres sought to improve cooperation between professionals and their institutions, and thereby make youth care more accessible and better aligned to demand. This has benefits for youth with more than one problem. The envisioned cooperation between care providers, however, has not really transpired yet. There are several reasons for this. Local authorities still lack the expertise to know who should coordinate what, with whom and when. YFCs struggle with their dual role - they are sup-

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2 This text is partly inspired by a number of conversations with Charlotte van Bodegom, a public administration graduate from the Erasmus University of Rotterdam, who is now employed at the Humanitas Foundation.
posed to provide guidance in the network of care providers, as well as to cooperate with these parties. That makes it more difficult for them to allow other care providers sufficient freedom to act, and gain their trust. Moreover, the various care providers may also be competitors when it comes to acquiring scarce resources. Research in this area offers an opportunity to discover which governance practices lead to successful cooperation, under which circumstances the steering role of local authorities - which becomes increasingly important in the face of decentralisation - may contribute to this, and how, at the same time, a balance between quality and efficiency may be achieved.3

3. The higher education landscape is characterised by large-scale institutions that are managed in an NPM manner. In the diploma affair at Inholland University, ulterior motives played a major role, according to reports in the media and the Dutch higher education inspection. The managers were more concerned with growth and effectiveness statistics than with quality. This compromised the freedom of the teaching staff to deploy their professionalism in order to deliver quality (Inspectorate of the Ministry of Education, 2011). In this case, post-NPM coordination efforts would include proposals for increased monitoring of, and within, this organisation. Governance structures would be more control-oriented. Other solutions could include an increased emphasis on the development of divisions. This would entail assigning responsibility to local branches of the institution, thus creating more freedom to act. Research can assess to what extent these various reactions might contribute to the development of certain governance structures. Would they result in education institutions that combine efficiency with quality, integration and commitment, or not? In this context, the intended close cooperation between the University of Leiden, the Technological University of Delft and the Erasmus University Rotterdam is indeed daring. Will this result in a merger, dragging these universities down the road of the Inholland University? Or is their starting point entirely different? Mergers and scaling-up are not always a bad idea. This invokes curiosity about motives underlying these ideas, and the arrangements and governance modes that will be used to shape and manage the envisaged collaboration.

3 I thank William Voorberg, a teaching assistant at our institution, for his input for the text on youth care.
9  ACKNOWLEDGEMENTS

As this lecture draws to a close, I would like to follow the good habit of making a few acknowledgements.

First of all, I would like to thank the University’s Board of Directors and the Faculty for the confidence they have placed in me.

_Distinguished Professor Van Paridon, dear Kees,_

Thanks for the confidence you are giving me. I admire the pragmatic and cheerful way in which you, as the ‘central midfielder’ in our department, allocate the various tasks and resources among the staff. This cheerfulness will come in useful now that we increasingly are faced with scarcity of resources. However, as an economist, you are of course well suited to deal with this situation.

_Dear colleagues at the Department of Public Administration,_

After having worked at the TU Delft for 14 years, renewing contacts with former colleagues of the Rotterdam department has helped me to feel at home quickly. But, actually, returning to the department of Public Administration in Rotterdam did not feel like returning at all. Too much has changed for that. The department has gone through a process of rejuvenation and consists of young, highly competent and dedicated staff members. In this challenging environment I intend to practice the study of public administration in a way that connects fundamental research, applied analysis and education. In doing so, I hope to find ‘partners in crime’ along the way. In the recent past I have had the pleasure of working closely together with quite a few of you. I thoroughly enjoyed it, and I am looking forward to extending this cooperation. I hope that this feeling is mutual.

_Dear former colleagues of the TU Delft, Faculty of Technology, Policy and Management, and Department of Policy, Organisation, Law and Gaming,_

With pleasure I look back upon fourteen years of working in an interdisciplinary environment with a high level of variety, vitality and dynamics. I hope that we will find opportunities to continue and renew our cooperation, despite institutional boundaries.

_Distinguished Professor Ten Heuvelhof, dear Ernst,_

I am proud of my fourteen years as a member of the excellent group of public administration scholars that you and Hans have gathered around you. I thank you for the freedom and the opportunities that you have offered me over the years. To a significant degree, I owe the fact that I am standing here today to your encouragement and support.
Distinguished fellow professors at the Department of Public Administration,
I feel highly honoured to be working among you, and to be allowed to help in developing and shaping the education and research programmes at this department together with you.

Distinguished Professor Klijn, dear Erik-Hans,
Our cooperation makes me feel like I never left. I admire the ceaseless energy with which you are the driving force behind a wide variety of activities in this department. I am looking forward to what our cooperation will bring. But when it comes to the role of management in network processes, you are entirely wrong – it’s the institution, stupid!

Distinguished Professor Teisman, dear Geert,
A long time ago we promised each other that, one day, we would work on a common research project. The chances of this happening have strongly increased with my decision to accept this position in Rotterdam. When it comes to education, we have already succeeded in establishing cooperation, with the course we jointly teach first-year students of our bachelor programme!

Distinguished Professor Ringeling, dear Arthur,
You are the person who, following my degree in history, introduced me to the world of public administration. In at least two inaugural lectures, professors starting out in this department have identified themselves as your successors. I am not sure whether or not to follow their example at this moment. In any case, the successive research projects that you have introduced me to in the course of the years have strongly contributed to my personal development as a public administration academic.

Dear Yanwei,
I admire the courage you showed in coming from Nangjing to the EUR in order to do your PhD during the next four years. I’m looking forward to supervising you and to collaborating with Vincent Homburg during that trajectory. I hope your research will increase our understanding of public administration in China and enhance our relationships with Chinese counterparts, more specifically with the University of Nanjing.

Dear William,
I hope that you will succeed in finding funding to do your research into the quality of public service delivery in youth care. I am looking forward to being involved in this project, together with Kim Putters, professor at the Faculty of Health Policy and Management and Vincent Homburg.
Dear students of the Public Administration Department,
Supervising, teaching and guiding you during your education is what I consider to be the core of my work. I hope that my fascination for the organisation and functioning of the public sector will be a source of inspiration to you.

Dear Tessa, Judy and Wilma,
During the path toward this professorship, someone once told me that when you are a professor, people start taking your words for the truth. In our family, however, I have noticed nothing of the sort. You definitely help me to keep my feet firmly on the ground. And I am immensely grateful for that.

Ladies and gentlemen, I thank you all for your attention.
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After completing his training as a primary school teacher, and having worked for several years as a teacher, Koppenjan studied history at the Erasmus University of Rotterdam. Starting in 1985, he worked at that same university’s Department of Public Administration. In 1993, he successfully defended his PhD thesis entitled ‘Managing the policy making process’. In 1996, Koppenjan continued his professional career at the Technological University of Delft. He worked as an associate professor at the TU Delft’s Faculty of Technology, Policy and Management until August 2010.

Koppenjan’s research focuses on policy, decision-making and management in policy networks, privatisation and public-private partnerships, project and process management and innovation networks. More recently, he has focused on comparative research into the organisation and management of public service delivery in infrastructure-related sectors, such as transport, energy and water, and non-infrastructure-related sectors, such as care, healthcare, education and public safety.

In the 1980s, Koppenjan took part in the Parliamentary Inquiry into the passport affair. In 2004 he was involved in the inquiry of the decision-making on the High-Speed Line South, the Betuwe Line and the Zuiderzee Line, as undertaken by the Temporary Commission Infrastructure Projects of the Dutch Parliament.

Koppenjan is a member of the graduate school Transport Infrastructure and Logistics (TRAIL) and the Netherlands Institute of Governance (NIG). He is currently also an adjunct professor at Southern Cross University, Lismore, New South Wales, Australia. He cooperates with, among others, scientists at the Center of Democratic Network Governance, University of Roskilde, Denmark, with Professor Xi Bao of the School of Public Management and Law of the Technological University of Dalia, China, and with Dr Ying Liang of the College of Sociology of the University of Nanjing, China.
He has published scientific articles in Dutch and international public administration journals, including *Beleidswetenschap, Bestuurskunde, Bestuurswetenschappen, Beleid en Maatschappij, Public Administration, Public Administration Review, Journal of Public Administration Research and Theory, Public Money and Management*. He has also published in journals of other fields, such as the *International Journal of Project Management, the European Journal of Transport Infrastructure Research, and Energy Policy*. He is a member of the editorial committee of *Bestuurswetenschappen, Critical Policy Studies* and the yet to be established *International Journal of Complex Governance Networks*.


During his career, Koppenjan has been involved in a large number of research projects for various public authorities, including: the Dutch Ministry of the Interior (Safety Impact Assessment, 1994-1998); the Dutch province of Noord-Brabant (Framework setting in provincial policies, 2005); the Dutch Ministry of Economic Affairs (Evaluation of the Netherlands Competition Authority NMA, 2010) and the Urban Region Haaglanden (Investigation of the management causes of the derailments in the RandstadRail network, 2008). In 2011 in collaboration with Lasse Gerrits he analyzed the organisational implications of the New Railway Plan of the Dutch federation of Mobility Companies, as commissioned by SEOR of the Erasmus School of Economics.

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