TOWARDS 'COGNITIVELY COMPLEX' PROBLEM-SOLVING:

SIX MODELS OF PUBLIC SERVICE REFORM

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Abstract: This paper proposes 'cognitively complex problem-solving' as a refinement of the recent problem-solving approach to public service reform, and as an addition to existing political and institutional explanations for the frequent failure of reform. In order to substantiate the new problem-solving model, it identifies and selectively reviews six models of reform that have been practiced in developing countries over the past half-century: public administration; decentralization; pay and employment reform; New Public Management; integrity and corruption reforms; and "bottom-up" reforms.

1. Introduction: Facing Up to Failure

When Apollo declared through his Oracle at Delphi that no one was wiser than Socrates, what the god was trying to get across (at least according to Socrates himself, who declined to take the compliment at face value) was that 'The wisest of you men is he who has realised, like Socrates, that in respect of wisdom he is really worthless' (Plato, 1969: 52). To say that what we know about public service reform is 'worthless' would be an exaggeration. But a confession of our relative ignorance may still be the beginning of wisdom. It will be fruitful if it helps us to frame the problem that faces us in a way that stimulates readers to propose approaches that stand a better chance of success than the ones we have been following up to now. That is what this paper tries to do.

2. Evidence and Explanations: Politics and institutions

2.1   Evidence

The most robust evidence that we have of reform outcomes is in the form of World Bank project evaluation reports. The Bank's Independent Evaluation Group (IEG) found that that only 33% of the public service reform projects completed between 1980 and 1997 had been rated as satisfactory (IEG, 1999). When IEG revisited the topic nine years later, public sector reform was rated joint eighth among the Bank's twelve project sectors in terms of project success, and its success rate had declined over the previous five years more sharply than all but one of the other eleven sectors (IEG, 2008: xiii and 83). Reviewing overlapping evidence just before the first IEG evaluation, Nunberg (1997) found that the success rate was lower than for Bank projects as a whole.

We should keep these negative findings in perspective. World Bank projects are a skewed sample. The Bank operates predominantly in low- and middle-income countries where reform is difficult. The Bank's own finding that its civil service reform projects have a poor track record relative even to other kinds of public service reform (such as public financial reform) disappears when we allow for the fact that they are disproportionately located in poor and unstable countries (Blum, 2014). Moreover, failure is by no means the exclusive prerogative of civil service reform, or even international development. Business start-ups in the US funded by venture capital have a failure rate of anything from 25 to 75%; public policy failures in

the UK have been common enough to provide the material for a substantial recent book (Gage, 2012; King and Crewe, 2013).

However, even if we amend 'relatively poor' to 'relatively not bad', the outcomes have not been good enough. Moreover, the 'frequent failures' and the perception of public service reform as 'out of fashion or too difficult in practice' (IEG, 2008: xvi; 65) – as recently as 2010, an internal Bank paper carried the title, *Why do Bank-supported public service reform efforts have such a poor track record?* – are likely to have a chilling effect on activity if not addressed.[i] In this paper, we briefly review two existing explanatory factors, politics and institutions, before proposing a third factor of our own, cognitive complexity, which we illustrate through a discussion of alternative models of public service reform.

2.2   Politics

While IEG's remedial recommendations in 1999 were mainly technocratic and piecemeal, by 2008, IEG was identifying 'political feasibility' as a key factor. (Similarly, political commitment to reform by client governments had pride of place in Nunberg's 1997 review.) This emphasis on politics reflected the political economy studies of the structural adjustment era, based on which the Bank's 1998 *Assessing Aid* report concluded that 'Successful reform depends primarily on a country's institutional and political characteristics' (World Bank, 1998: 53; see also Campos and Esfahani, 2000; Johnson and Wasty, 1993; and Nelson, 1990). The management of the Bank and IMF took the lesson to heart, with the Bank's President at the time, James Wolfensohn (1999: 9), remarking that

> 'It is clear to all of us that ownership is essential. Countries must be in the driver's seat and set the course. They must determine goals and the phasing, timing and sequencing of programs.'

After the dawning of that realization on the international development agencies in the late 1990s, the decade of the 2000s could be called the decade of politics, with the Swedish and UK governments, and the World Bank, all sponsoring studies of the politics of reform (Dahl-Østergaard *et al.*, 2005), and with one of the largest US development consulting companies employing as many specialists in politics as in public administration (Cooley, 2008). The studies pointed to generic factors like technical capacity, insulation from societal interests and building incentives for politicians to embark on reform; and country-specific factors like the importance of public society and the media (Duncan *et al.*, 2003; Robinson, 2007).

2.3   Institutions[ii]

The Assessing Aid report highlighted institutional as well as political characteristics, and they are a second group of factors which affect the success of reform. Tanzania's legal framework for public staff management illustrates their subtle influence. The Constitution, and both primary and secondary legislation enacted over several decades, give the President immense direct powers, with few procedural checks on how he exercises them. For example, the Public Service Act, 2002 states that '(any) delegation (to the Public Service Commission (PSC)... shall not preclude the President from himself exercising any function which is the subject of any delegation or authorization.' Further, 'The President may remove any public servant from the service of the Republic if the President considers it in the public interest to do so.' An earlier Act states that 'Whether the President validly performed any function conferred on him ... shall not be inquired into by or in any court.' [iii]

As a consequence, Tanzania's senior officials have little job security. One of them remarked that 'the President changes the top officers in the service in a similar way as (sic) he changes attire.' Yet increasing their security, or restoring the independence of the PSC, would require both a constitutional amendment and the revision or repeal of many separate laws and procedures; and, they, in turn, would

require 'political commitment' of the kind which we discussed in the previous section. (Bana and McCourt, 2006)

2.4   Beyond politics and institutions

We have discussed politics and institutions quite briefly, not because they are minor factors, but because they are quite well understood by now (which is not to say, of course, that they have invariably translated into the practice of governments and development agencies). However, they do not provide an exhaustive explanation for reform outcomes. Organizations can succeed while others are failing within a single political dispensation (Grindle, 1997; Tendler, 1997). Similar institutions such as the Commonwealth public service commissions which are responsible for appointing and, sometimes, managing public staff have had different outcomes in different countries (McCourt, 2003 and 2007). If we now focus for the remainder of this paper on another group of factors, we do so in an additive spirit. We acknowledge the political and institutional factors, but we suggest that they leave a significant explanatory residue.

3. Cognitively Complex Problem-Solving

What is the residue, and how should we deal with it? This paper proposes a problem-solving approach, viewing the different reform interventions as ways of dealing with the problem situation as different national governments have defined it. I have borrowed 'problem situation' from Karl Popper (1989: 129; and 1999). Popper argues that at any given point in the history of science, there is an agenda which arises from problems which current theories have created or failed to solve: 'You pick up, and try to continue, a line of inquiry which has the whole background of the earlier development of science behind it.' Similarly, it seems to us that at any given point in the development of public administration in a particular country, there is an agenda of problems which the previous experience of reform has created, and which confronts the most perceptive national policy-makers and other stakeholders.[iv]

I am not alone in adopting a problem-driven approach. I follow Fritz *et al.* (2009), who have already applied it to political economy. Andrews (2013) has developed an alternative and more elaborate problem-solving model in parallel with this paper. My paper, I suggest, refines their approaches in one respect. Readers will be familiar with the saying that 'If the only tool you have is a hammer, then every problem becomes a nail.' Identifying a problem, or problem situation, is not an end in itself. We must propose a solution. And when we do so, at least in the experience of the present writer, we tend to fall back on the tools in our reform toolbox; all too often, reform problems do get treated as 'nails.' In a globalized world, most reform does not start from first principles, but in the light of previous reforms in other places (Dolowitz and Marsh, 2000). In other words, my suggestion is that public service reforms have sometimes failed because of the reformers' *cognitive* narrowness.

My suggestion is informed by well-established work in organization studies which emphasizes the value in decision-making of a range of perspectives. A wide 'information range' makes it easier to spot problems and opportunities, or reframe problems that have been intractable up to now (Bolman and Deal, 2003; George, 1972; Mitroff and Emshoff, 1979). It contributes to the 'cognitive complexity' of reformers; their ability to entertain a range of options and engage in what Weick (1993), drawing on Lévi-Strauss, has called 'bricolage', rather than defaulting to a 'best practice' solution of the kind criticized by Grindle (2007), Rodrik (2008) and many others.[v]

To be sure, cognitive complexity is not a sufficient condition for policy success, which also entails such features as ethical understanding and some finesse in action (Bartunek *et al.*, 1983; Denison *et al.*, 1995). However, it seems plausible to suggest that it is a necessary one.

4. Models of Public Service Reform

In applying a 'cognitively complex' approach to problem-solving, we cannot make bricks without straw. If we are serious about respecting the specific priorities of developing country policymakers, and compensating for past cognitive deficiencies, then we will need a variety of tools. We flesh out the approach by a selective review of the experience of public service reform in developing countries. I adopt the definition of public service reform as 'interventions that affect the organization, performance and working conditions of employees paid from central, provincial or state government budgets.'[vi]

In keeping with our problem-solving approach, I locate the origin of reform in problems which policymakers pose to themselves, or which circumstances thrust upon them.[vii] Abstracting from the practice of developing country governments over recent decades, I identify six major problems; and I list six families of reform ('ideal types' in Weber's language) which I regard as attempted solutions.

Table 1: Public Service Reform Problems and Models

	Problem	Model	Main Action Period
1.	How can we put government on an orderly and efficient footing?	'Weberian' public administration and capacity-building	Post-independence period in south Asia and sub-Saharan Africa
2.	How can we get government closer to the grassroots?	Decentralization	1970s to present
3.	How can we make government more affordable?	Pay and employment reform	1980s and 1990s
4.	How can we make government perform better and deliver on our key objectives?	New Public Management	1990s to present
5.	How can we make government more honest?	Integrity and anti-corruption reforms	1990s to present
6.	How can we make government more responsive to citizens?	'Bottom-up' reforms	Late 1990s to present

My stance aligns me unequivocally with those who prioritize context over 'best practice'. I pay respect to successful reform models; we can all learn from them. But they must be understood in terms of the environment in which they have arisen; or, in the language I am using in this paper, in terms of the 'problem situation' as particular policymakers have perceived it. I reject the tendency of some international reform brokers to treat reform models as 'widgets' (Joshi and Houtzager, 2012) which can be transferred unaltered without regard to the environments that they are transferred from and to. I will emphasize that point throughout this paper.

Emphasizing context means recognizing that 'vice may be virtue uprooted,' in the words of the Anglo-Welsh poet David Jones (1974: 56). It is not appropriate to express a preference for any of the approaches listed in Table 1, all of which are already normative rather than descriptive (the list does not include perverse problems which have absorbed some officials' attention such as how to make government a vehicle for rent-seeking or patronage). I hope instead to provide enough detail for readers to decide what they have to offer in terms of the 'problem situation' in readers' own countries or the countries with which they are concerned.

My simple problem-solving approach should not be taken too literally. First, our models are what Weber called 'ideal types'. They are abstracted from reality for analysis. Likewise, the periodization of the third column in the table should be handled with a light touch. Governments did not suddenly discover honesty in the 1990s, and particular governments started pay and employment reform for the first time

only in the 2000s (Morocco) or even later (Serbia). However, there have been periods when particular questions have dwelt on policymakers' minds. Public policy questions arise in the order they do partly because external shocks like the oil price rises of the 1970s foist them on policy-makers' attention. But they also arise as reactions to the *unintended consequences* of the previous generation of reforms (here again I follow Popper, for whom managing unintended consequences was the essence of public policy).[viii] The bureaucratization that was the unintended consequence of Weberian public administration created the need for decentralization. The expansion of state capacity had the unintended consequence of creating a fiscal burden which pay and employment reform was framed to relieve.

Context has a temporal as well as a spatial dimension. An administration's 'problem situation' is dynamic. By solving one problem we always create another as an unintended consequence.

Moreover, just as my grouping of public service reform approaches in terms of policy problems provides a convenient structure for the paper, so my periodization gives us a convenient order in which to address the approaches.

I lack space in this paper to deal with all six of the approaches. I shall discuss Approaches One, Two, Four and Six in turn. (For Approach Two, see Evans (2003); and Turner and Hulme (1997); for Three, see McCourt, 2001b; and Lindauer and Nunberg, 1994; for Five, see Klitgaard, 1988.)

5. 'Weberian' Public Administration and Capacity Building

I will deal with this briefly, since many readers are already familiar with it.

The public administration model in developing countries is essentially the classic Weberian model of bureaucracy harnessed to the needs of the developmental state. The German sociologist Max Weber located its origins, for both the public and private sectors, in the growth and complexity of the tasks of modern organizations; and also in democratization, which created an expectation that citizens, and members of an organization, would be treated equally. The main features of the model are:

- A separation between politics and elected politicians on the one hand and administration and appointed administrators on the other
- Administration is continuous, predictable and rule-governed
- Administrators are appointed on the basis of qualifications, and are trained professionals
- There is a functional division of labor, and a hierarchy of tasks and people
- Resources belong to the organization, not to the individuals who work in it
- Public servants serve public rather than private interests (Minogue, 2001)

In practical terms, administrations that follow the Weberian model – and almost all do pay at least lip service – begin by putting in place a system of rules. Where staffing is concerned, we can expect to find a compendium of posts, arranged in a hierarchy according to rank, with statements of the duties expected of each post (in some countries this is called a 'scheme of service'). There will be clear guidelines about how the posts should be advertised and filled, how pay grades are determined, and so on. The rules and guidelines will be overseen by central agencies such as the finance ministry and the public service commission or similar body. There will be similar rules for the control of government spending, overseen by the relevant central body, such as a procurement agency (Schick, 1998).

Administration tends to be highly centralized: the model posits an unbroken hierarchical chain from the top (in the capital) to the bottom (in the remotest outpost of government). The tendency is to focus on *inputs*, in the sense of the efficient management of resources rather than *outputs* in the sense of the goods

and services that the resources are used to produce, let alone *outcomes* in the sense of the social and economic results that derive from the outputs.

Bureaucracy has of course a bad name in the popular imagination. However, a study commissioned by the World Bank in the run-up to its 1997 *World Development Report* found a close statistical connection between public bureaucracy and economic growth. Their data suggested that merit-based recruitment was the most important bureaucratic element, followed by promotion from within and career stability for public servants (Evans and Rauch, 1999). Further support for meritocracy came from a more detailed study of personnel management in the Kyrgyz and Slovak republics and in Romania. It highlighted the importance of sound administrative procedures underpinning merit, very much as outlined here (Anderson *et al.*, 2003). So we have recent evidence that Weber's century-old insight was basically sound: the bureaucratic model was indeed the efficient successor to patrimonial regimes which had centered on the personal and arbitrary power of an absolute ruler.

But there are a number of pre-conditions which may need to be in place for the model to produce the results that Weber anticipated. I will mention two. The first is a culture in which rules are respected and followed. (This point has been emphasized by Schick. I expand on it later in this paper.)

A second condition is that the Weberian rules should not be undermined by patronage pressures. Weber did not anticipate that bureaucracy and patrimonialism would become fused in the hybrid of 'neopatrimonialism', where state resources are diverted for patronage purposes such as securing support in an election. This neopatrimonial hybrid is widespread, having been identified in modern times in places as far apart as Greece, and Chicago in the United States (Clapham, 1982).

As the state developed, it was perhaps inevitable that there would be an attempt to use its growing resources in the same way that 'traditional' patrons used private resources: to co-opt supporters and ensure their loyalty (McCourt, 2007). But the neopatrimonial twist was that patronage operated by a single, visible patron mutated into patronage operated by political parties and other broad groupings, often organized on a national scale. With many individuals implicated at different levels, this stubborn neopatrimonial bush with its complex root system could be even harder to eradicate than its relatively simple patrimonial predecessor. Much recent reform effort has been devoted, either explicitly or implicitly, to the task of eradication.

Capacity Building

A distinctive feature of public administration in developing countries is that unlike industrialized countries, where capacity evolved gradually, developing countries have put in place crash programmes of capacity-building following independence and, more recently, armed conflict and state collapse. The programmes have centered on staff training and development. The assumption is that public administration is deficient because public administrators lack skills which can be readily imparted through training. The training and visit system for agriculture extension workers was a typical example. In the context of a fixed programme of field visits overseen by their supervisors, extension workers received frequent one-day training sessions to impart the three or four most important agricultural recommendations that they should pass on to farmers in the following few weeks.

There is no doubt that capacity affects performance, as even politically-orientated studies such as Nelson's (1990) recognize. But we have learned that capacity-building is a broad concept with a political dimension (Boesen and Therkildsen, 2005). Moreover, it is rarely effective in an organizational vacuum. For example, capacity-building at the individual level usually takes place on training courses, away from the workplace. Learning designs need to make a bridge from training to the 'action environment' of work - its organizational culture, management practices and communication networks - in the form of action

plans, supervisor involvement and post-training review arrangements (Grindle and Hilderbrand, 1995; McCourt and Sola, 1999).

6. New Public Management (NPM)

In terms of the 'periodization' outlined in Table 1, NPM is the reform model which succeeded the public administration model. Of course there was continuity as well as change in the succession. The OECD's (1995) review of public management developments, published at the high tide of NPM, includes initiatives to improve management of HR, something that the Weberian model also emphasizes in its own way. The essential change, however, was from the public administration doctrine of regular, predictable and rule-governed behavior to behavior that was driven by performance. The public administration doctrine tends to assume that if a sound framework of rules is put in place and public servants are persuaded to adhere, adequate performance will follow. But the governments that went down the NPM road were setting their sights on better rather than adequate performance. Moreover, continuing pressure to restrain public expenditure meant that better performance could be bought only up to a point, and although the stimulus of competition was introduced (as we shall see), it became clear that there were limits to its use, intrinsic or political as the case may be. Thus the application of management techniques became the formula deployed to square the circle of government that worked better while costing no more (Pollitt, 1993).

NPM in practice has been driven by four management imperatives: delegation, performance, competition and responsiveness to clients. Delegation has had two aspects. First, there is the hiving off of responsibilities to the private sector through privatization, especially of industries which had previously been nationalized; and the consequent emergence of elaborate frameworks for regulating them in the public interest. Second, there is the devolution of management authority to lower levels in the public sector hierarchy.

Privatization and regulation are outside the scope of this paper, and we have already dealt with 'devolving authority' in the section above on administrative decentralization. I shall now discuss the remaining two imperatives: improving performance and providing responsive service.

Improving Performance

The NPM approach to ensuring performance hinges on the formulation and measurement of performance indicators. In the early days of NPM, such indicators usually addressed the internal operations of individual agencies. In a typical example, Denmark's national library undertook to increase productivity by 10 percent, increase the number of transactions by 2.5 percent annually and put purchases prior to 1979 on computer, all by the end of 1996 (OECD, 1995: 35). Subsequently, the technology of monitoring performance has grown sophisticated, with performance management indicators that are outcome- rather than output- or input-based (different from the Weberian model in this respect), and which generate elaborate performance data. Performance management is also widely practiced by international development agencies: in a sense, the Millennium Development Goals are performance management on a global scale (Goldsmith, 2011).

Public administration as a rule leans lightly on theoretical support. But advocates of performance indicators can point to plentiful evidence for their value from organizational psychology. Locke *et al.*, surveying numerous relevant studies, characterize goal-setting theory, whose essential claim is that setting goals improves performance, as 'among the most scientifically valid and useful theories in organizational science' (1991: 370). Not just any old goal, though: research shows that goals should be specific and challenging. Those who have to reach them should be committed to doing so, and should receive support

and encouragement, and feedback on their performance, as they work towards them (Locke and Latham, 1990).

Malaysia is perhaps the most elaborate example of performance management in the public sector among developing countries. Its National Key Result Areas are the numerical indicators for the Governance Transformation Programme which was the Barisan Nasional government's response to its poor performance in the 2008 election, when the Opposition tapped public anxieties on crime, corruption and the economy. (So it is an intensely political initiative.) Its first annual targets, widely publicized, included a 20% reduction in street crime, and an improvement in Malaysia's score on Transparency International's Corruption Perceptions Index from 4.5 to 4.9.

In the event, there was a reported reduction in street crime of 37% by the end of 2010. The CPI score languished initially at 4.4, but the 4.9 target was met the following year when TI announced its latest annual index. Moreover, mindful that it should not be judge and jury in its own case, the Malaysian government assembled an international panel in January 2011 to review its progress. Its members included an Australian public service commissioner, an IMF Resident Representative and a co-founder of Transparency International. They were fulsome: 'a great success,' 'impressive,' 'extraordinary' (PEMANDU, 2011: 199, 200, 202).

However, reservations should be entered. First, there are holes in the data, as Table 3 shows. Second, apart from the possibility of a Hawthorne effect[ix], given that Malaysia's initiative was still in its early stages when I wrote, there is the scope for gaming which is inherent in performance management. Agencies have an incentive to perform sub-optimally (a 'threshold effect'), fearful that if they exceed the initial targets, the bar will be set higher next time round (a 'ratchet effect'). They also have an incentive to manipulate the performance data (Bevan and Hood, 2006). There is no evidence that any of this has occurred in Malaysia, but the theoretical concern is reflected in the international panel's report, which recommended that the statistics should be audited 'to preserve authenticity and validity' (PEMANDU, 2011: 206; see also McCourt, 2012).

Developing Competition

The impression of a traditional bureaucracy where, to invoke the celebrated NPM distinction, both 'steerers' and 'rowers' were exclusively fully paid-up public servants is misleading. A proportion of public work was always contracted out to the private and voluntary sectors, not only in fringe areas like the placing of newspaper advertisements, but also strategic capital projects for the construction of motorways, buildings and so on. In Germany the application of the subsidiarity principle made this inevitable (Reichard, 1997). The difference which NPM makes is to remove bureaucrats' discretion, making contracting out obligatory, and thereby increasing its scope and extent.

Contracts awarded competitively are, in a sense, performance indicators 'with teeth'. A weakness of purely internal 'service level agreements' based on performance indicators is the lack of effective sanctions if the agreement is broken, since the internal supplier knows that the internal customer has nowhere else to go (Greer, 1994). By contrast, a contracting régime uses competition or the threat of competition to enhance performance at three stages: in the initial bidding for the contract, in monitoring compliance and in re-bidding at the end of the contract period. In this way, as one sympathetic account from New Zealand maintains, provision becomes results-driven, transparency and accountability are ensured and – not least – responsiveness to voice increases because customer feedback really matters. In New Zealand, consequently, delivery of local authority services by external providers jumped from 22 to 48 percent of provision between 1989 and 1994 (Boston et al., 1996).

Providing Responsive Service

With its emphasis on management techniques as a spur to performance, NPM operates from the top down, which militates against responsiveness. The oddity of managing service performance over the heads of its beneficiaries has been compensated for through devices like 'citizen's charters' which set out minimum standards of service that clients can expect, based on principles such as:

- *quality* — improving the quality of services
- *choice* — wherever possible
- *standards* — specify what to expect and how to act if standards are not met
- *value* — for the taxpayers' money
- *accountability* — individuals and organizations
- *transparency* — rules/procedures/schemes/grievances

They have been introduced in many countries, including India. However, the experience has been mixed, not only in developing countries (Sharma and Agnihotri, 2001), but also in the UK, where the charter movement began. The UK Citizen's Charters were a flagship initiative of Prime Minister John Major, yet only 16 out of 1,000 Britons polled at their height in the mid-1990s were both familiar with a Charter and satisfied with it (O'Conghaile, 1996). The criticism arose that lip-service was being paid to citizens' views, and that the charters reflected the priorities of managers, not citizens (Clarke and Newman, 1997).

The involvement of non-state providers is probably of greater significance than 'managerialist' initiatives such as citizen's charters. In this paper we are not interested in stand-alone service provision, whether by NGOs, for-profit providers or donors, even though in some countries there are areas such as water and sanitation where private provision predominates, but in services that are contracted by or actively aligned with state service provision. Experience here has been mixed yet again, and probably more negative than positive. An early study of contracting for clinical and ancillary services in the health sector found problems created by the limited capacity of slow-moving, rule-ridden bureaucracies to perform even very basic functions such as paying contractors in a timely manner (Mills *et al.*, 2001). A more recent comprehensive survey echoed that finding, and noted that formal policy dialogue between government and non-state providers was often imperfect and unrepresentative, especially in fragile settings, and sometimes unduly dominated by the provider side (Batley and Mcloughlin, 2010).

The Appropriateness of NPM

NPM has been described as 'truly a global paradigm' (Borins, 1997: 65) whose spread is impeded only by bureaucratic isolationism (Thompson, 1997: 13). However, the contributors to a comprehensive review in 2001 found that its incidence in developing countries was limited (McCourt and Minogue, 2001), and that picture has probably not changed a great deal in the last decade. The problem-solving approach that I have taken in this paper suggests an explanation. If NPM is essentially a response to the problem of improving performance and delivering on a government's objectives, then a prior condition for its application must be that government makes improving performance a priority.

Whether performance is or even ought to be a priority was the subject of a debate over the application of the New Zealand version of NPM (New Zealand was a market leader in the early days of NPM). Bale and Dale (1998), as advocates, argued that the New Zealand reforms were relevant to developing countries because they were developed from a broad, system-wide perspective that focused on the causes, not the symptoms, of dysfunctionality, and because having specified the performance standards that the center expected, the reforms devolved to line agencies the management authority that they would need to meet the standards. However, they conceded that some stringent conditions were also necessary: a

politically neutral, competent public service; little corruption or nepotism; a functioning legal code and political market; and a competent private sector.

Answering Bale and Dale's case, Schick (1998) argued that Bale and Dale were taking for granted the earlier stage of New Zealand's bureaucratic development where a framework of rules and a culture of following them had been implanted. By contrast, he went on, developing country public administration was typically informal, with local managers having virtual impunity to override formal procedures. Deliberately weakening those procedures, which were weak in the first place, in the interests of giving managers 'the right to manage', would fatally exacerbate the very problems which NPM wanted to solve.

In terms of the problem-solving framework adopted in this paper, Schick's objection is that NPM is a First World solution to the First World problem of improving public sector performance, something that industrialized country governments have the luxury of doing because by deploying the Weberian model much earlier in their history, they have already solved the problem of how to put government on an orderly and efficient footing. Developing countries should follow the same sequence, in Schick's view: walk before they try to run.

We do not need to take sides in the debate. However, it illustrates – and not for the first time in this paper - the importance of tailoring reform to the context in which it is taking place.

7. Bottom-Up Reforms

Both the models we have presented so far share an assumption: that when it comes to setting priorities for public management, public managers should be in the driver's seat. Reform should come from the top down – just as it did with India's citizen's charters and Malaysia's National Key Result Areas. Indeed a great deal of reform effort has gone into ensuring that managers *are* in the driver's seat, insulated from clientelistic pressures from society and politicians.

That view has changed dramatically. We can see Peter Evans' (1995) *Embedded Autonomy* as the first crack in the monolith, through its recognition that East state officials' effectiveness depended on a dense network of ties with the private sector and civil society. Evans labeled this distinctive relationship 'embedded autonomy' because although officials were 'embedded' in social ties, they retained some aloofness, informed but not instructed by their social interlocutors. The bureaucrats stayed in the driver's seat, even if they now had industrialists and civil society in the passenger seat next to them.

But, arriving just a little after Evans' seminal work, a new fashion[x] for participation put civil society in the driving seat. In this bottom-up approach, policy priorities were to come directly from citizens, placing public officials in a responsive or even passive posture. The World Bank's landmark *Voices of the Poor* report found that public agencies were among the most important but also the least effective institutions in poor people's lives. The Report called for 'organized communities that can participate in devolved authority structures and keep local governments accountable' (Narayan *et al.*, 2000: 283; see also Figures 10.1 and 10.2).

In due course, the World Bank's World Development Report (WDR) for 2000/01 advocated 'empowerment' of poor communities, including through participation in public services, and making public agencies directly accountable to the public via the media, the courts and advocacy by civil society organizations. It departed abruptly from the public administration doctrine of accountability with the assertion that 'the quality of public service is reduced when public officials are held accountable more to their hierarchical superiors than to the people they serve.'

The new doctrine was amplified by *WDR 2004*. The argument now was that elections are an inadequate way for citizens to control what state agencies do in their name: 'Given the weaknesses in the 'long route' of accountability (i.e. classic vertical accountability), service outcomes can be improved by strengthening the 'short route' - by increasing the client's power over providers.' In making this argument, World Bank authors were mindful of innovations in developing countries where officials' direct accountability to their clients has been institutionalized. The Indian experience with citizen report cards and the Brazilian experiment in participatory budgeting, both celebrated in *WDR 2004*, are innovations which illustrate both the strength and one or two weaknesses of the new accountability doctrine.

A 'citizen report card' survey in Bengaluru (Bangalore) in Karnataka state in 1993 identified an abysmal satisfaction rating of 9% with municipal services. Following press coverage and action by the state government, satisfaction increased across two subsequent surveys to 48% in 2003. The World Bank evaluated the initiative positively (Ravindra, 2004), and the evidence that 'voice' was improving services, just as the new doctrine had said it would, stimulated replications in countries as far apart as Ethiopia, the Philippines and the Ukraine

However, the survey instigator, Samuel Paul, was more cautious than his admirers. He concedes that service quality started to improve in the context of a wider urban reform programme introduced by the Congress party state government which came to power in 1999. In fact the programme was wound up in 2004 by an incoming state Chief Minister who believed that its urban bias had lost the Congress party votes. The Report Card initiative was not repeated after the 2004 election in Karnataka. Paul's initiative suffered from the perception that it served a sectional (urban) interest.[xi] It was certainly providing direct accountability to citizens. But the accountability was only to one group of citizens, urban dwellers, and was perceived to be at the expense of rural dwellers (Paul, undated).

The participatory budgeting experiment in Porto Alegre, Brazil draws on a strong history of social movements, and on the neighborhood associations and other participatory procedures introduced when the Workers' Party took control of the municipality in 1991. By 2000, at least 20,000 residents were taking part in the participatory processes, which covered the full range of municipal budgets from road-building to health care. Review meetings in municipal districts took place at least twice a month, attended by around 50 people on average. However, Porto Alegre's budget experiment has accounted for only a modest proportion of the municipal budget: officials still hold most of the purse-strings. There have been problems elsewhere too: an optimistic report of an attempted replication of Porto Alegre in El Salvador admits that participatory budgeting had fallen into disuse in 60% of the locations where it had been attempted; and emerging evidence from Africa is also disappointing (Bland, 2011; Booth, 2011; Gaventa and McGee, 2010). Moreover, 'If one considers the legislature to be an important organ of democratic institutionality, it may seem problematic that the local legislature tends to have its powers diminished by the participatory budget planning' (Teivanien, 2002: 629; see also Baiocchi, 2003).

The difficulties with accountability that bottom-up initiatives inadvertently create ('unintended consequences' again!) echo criticisms which we have mostly forgotten in development circles that followed the wave of participation experiments in countries like Libya, Tanzania and Yugoslavia in the 1960s and 1970s, not to mention industrialized countries like the UK and the US (Pagano and Rowthorn, 1996; Richardson, 1983; Wolfe, 1970).

Finally, it is important to draw a distinction here between public administration functions. The 'voice' approach is most promising for functions such as service provision, regulation and revenue collection where there is a clear interface with citizens, and therefore a citizen constituency for reform. However, it is less promising for overall policy formulation and 'back office' functions such as human resource management which are less visible to citizens. Kessy and McCourt (2010) found that school meetings in Tanzania were better attended than any other participatory forum: citizens care a great deal more about

their children's education than about abstruse questions of governance. (This may be why one UK party leader was mocked in the 1997 general election when he put the creation of an independent central bank at the center of his party's programme. His technocratic proposal duly failed to galvanize voters.) For the back-office functions, top-down management reform is probably the only way to proceed.

So there are questions of appropriateness with the bottom-up reforms, just as there have been with the top-down ones. It is ironic that advocates of bottom-up approaches to reform have been slower than their top-down counterparts to recognize the problems we have just discussed, even though their favored initiatives have been concentrated in middle-income countries, especially in Latin America, and implemented in idiosyncratic ways.

That indifference to context, mixed with the powerful support of international development agencies, has prompted a concern in an article which is sympathetic to the reforms that the voice-based reforms might be 'ground, pasteurized and converted into new appendages of conditionality'. Santos (1998: 507) was prescient: 'process conditionality' in the form of a requirement for governments to consult public society was to become integral to the design of Poverty Reduction Strategy Papers (PRSPs), the lending vehicle that replaced structural adjustment loans, with initiatives like Porto Alegre and Bengaluru held up as models. Despite criticisms that what was being promoted was not so much ownership as 'donorship' (Cramer *et al.*, 2006; Dijkstra, 2002), the model has spread to other development agencies like DFID and UNDP.

8. Conclusion: From Failure to Success?

> 'Almost none (of the many identified factors affecting commitment to economic reform) seems to have a uniform effect across countries . . . Reform outcomes depend on complex combinations of a variety of factors.' (Campos and Esfahani, 2000: 222)
> 'Incomplete and even quite ambiguous explanations are about the most we should expect. This is not an area in which clear-cut, high-probability causal models can be developed - far from it.' (Whitehead, 1990: 1145)
> 'Answers must be invented for each country individually.' (Nelson, 1990: 361)

In the light of the confession of failure at the start of this paper, citing these quotations may look like gratuitous self-flagellation. However, they take on a more positive hue when we place them in the light of the problem-solving approach that I have proposed in this paper. Seen in that perspective, the suggestion arises that where the approaches failed, it was not necessarily because of any intrinsic defect: they may have been responses to problems which arose in one setting, but which did not arise in the setting to which they were being applied.

We had a vivid example of this just as I was completing this paper. Under its new President, Dr Jim Kim, the World Bank has developed an interest in a so-called 'science of delivery'. This has led in turn to an interest in initiatives such as Malaysia's National Key Result Areas, because of the dramatic improvement in service outcomes which those initiatives have engendered. However, such initiatives presuppose that a government has made service delivery improvement a key objective, as Malaysia's has done. Evidence is emerging – predictably, from the perspective taken in this paper - that where an approach like Malaysia's has been attempted in countries which do not share that objective in any real sense, it has either failed or it has been adapted almost out of recognition to serve policymakers' specific preoccupations.

This example does seem to support the argument on which this paper is based, namely that having specified the problem we are trying to solve as precisely as we can, just as Fritz and Andrews have enjoined, we should select our attempted solution from a broad range of alternatives. In her classic study

of what she calls 'wooden-headedness' in policymaking, *The march of folly*, the American historian Barbara Tuchman (1984: 480) asserted that

> 'Leaders in government, on the authority of Henry Kissinger, do not learn beyond the convictions they bring with them; they are 'the intellectual capital they will consume as long as they are in office.'

That may be so. But perhaps their advisers, who are the intended audience for this article, can compensate for that deficiency in the ways that have been proposed here.

In that way, I hope that my review of models of public service reform and their trajectories suggests a way forward which readers will be able to pursue. Very different from public management specialists in industrialized countries, specialists in public management in development are frequently economists, with a learned preference for unitary, sharp-edged solutions. Yet such solutions are even less on offer in developing countries than they are elsewhere.

Let us make an analogy with the practice of medicine. There are medical doctors who choose to practice in poor countries because of the challenge they offer to their professional judgment and improvisational skills, not to mention their humanitarian commitment: German Nobel Prize winner Albert Schweitzer is the classic example. Moreover, and very interestingly, we have seen the development of 'problem-based learning' among Medical Schools, to the extent that some of those schools have made medical problem-solving the center around which their students' entire medical education revolves (Barrows, 1996).

Thus I hope that among my readers there are a few who will be stimulated rather than daunted by the sheer intricacy of the challenges I have touched upon in this paper. Commenting on the evidence of business start-up failure which we quoted at the start of this article, one investor remarked that

> "People are embarrassed to talk about their failures, but the truth is that if you don't have a lot of failures, then you're just not doing it right, because that means that you're not investing in risky ventures." (Cowan, quoted in Gage, 2012)

Perhaps our refinement of the problem-based approach will help reformers to see a way forward with tackling those challenges; and perhaps in so doing, the failure of the present writer's generation of reformers will be the paradoxical foundation for the success of a new generation.

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NOTES

[i] In the author's personal experience as a practitioner, this is already happening.

[ii] I use 'institutions' in this paper to refer to the formal laws and agencies of the state (such as a Civil Service Law or an Election Commission), and not the informal institutions of society (such as the family).

[iii] http://bunge.parliament.go.tz/PAMS/docs/8-2002.pdf; http://polis.parliament.go.tz/PAMS/docs/16-1989.pdf.

[iv] Cf. Fritz *et al.* (2009).

[v] See also Wilkinson (2006) on tolerance of ambiguity as an attribute of successful leaders.

[vi] http://www.gsdrc.org/go/topic-guides/civil-service-reform.

[vii] Many others have recognized that governments tailor approaches to their circumstances: see for example Nunberg (1997: 14); and Turner (2002).

[viii] See also Merton (1936). Merton and Popper seem to have come up with the idea independently of each other. But both, in a way, were merely developing Robert Burns' insight:

'The best-laid schemes o' mice and men
Gang aft agley.' ('Often go awry.')

[ix] Readers unfamiliar with this term may consult http://en.wikipedia.org/wiki/Hawthorne_effect.

[x] Or, more correctly, a revived fashion: see below.

[xi] It is perhaps relevant to note that the author of the evaluation study which conferred the World Bank seal of approval was not a disinterested party, being a former Chief Secretary of the Karnataka state government who subsequently joined the Board of the Public Affairs Centre, the NGO in Bengaluru which sponsored the initiative.