

Public Administration: New Self-Image, New Information Needs

by

HEINRICH REINERMANN

German University of Administrative Sciences Speyer

(in: SAP-Info, June 1997, pp.6-9)

Public authorities all over the world are undergoing extensive reorganization - a long overdue process. Inevitably this development is not being universally welcomed, critics maintaining that public authorities are by essence „completely different“. The specifically public nature of their mission supposedly justifies their patterns of behaviour, which have ultimately proved appropriate to their function. This is why so many wellmeant attempts at reform have come and gone.

The world has become a very different place since the fall of the Iron Curtain in 1990. With the disappearance of the division between market economies and planned economies, the behavioral scenarios for virtually all institutions, including public authorities, have changed dramatically. A global New Public Management movement has sprung up, which is striving for exemplary changes in the structure and practices of public authorities. The administrative concept aimed at is characterized by the neutral and precise implementation of political and legal requirements. This may be effective in stable environments, but in today's turbulent conditions, the virtues of such a concept must also include the continual reassessment of public-function priorities to keep pace with the fast-changing needs of society and to manage scarce resources carefully. The strength of free-market as opposed to state-controlled systems has been most apparent where a „private sector plus public sector“ relationship has existed. New Public Management cannot, therefore, simply seek to reduce the role of the public sector, but rather must seek to increase its effectiveness, due regard being paid to its specific, non-private-sector function.

Motives behind New Public Management

Few would deny that the bureaucratic administrative model exhibits some serious shortcomings. Bureaucracies that have expanded in line with the increasing demands of industrial societies are finding it more and more difficult to give concrete answers to questions as to the reason behind an organizational unit, activity, or expended resources. The high degree of complexity of the official machinery, together with rapid social change, has brought bureaucratic administration to the brink of dysfunction. Its mandate - clearly defined responsibilities and steady implementation of politically selected programs and norms - is in danger of being distorted until it represents just the opposite, inasmuch as accounting and responsibility slip into principally formalistic roles. It is, therefore, politicians and administrators themselves who are calling for new structures and processes, driven by dwindling public confidence in the ability of the public sector to arrive at far-reaching solutions to problems. Meanwhile, the pride of employees in belonging to the public service is

diminishing, and the financial resources available to cover all those areas long regarded as public functions are becoming scarcer.

The level of public-sector involvement attained in the 40-odd years since welfare states were established cannot continue under today's global economic conditions. However, it is proving difficult to reduce and restructure public-sector employees' vested rights. This is due partly to organizational reasons, such as the division of administrations and the associated parliamentary committees by specializations. This leads to departmental and inter-administrative fraternities, meaning that interests become vested and emphasis is placed on perfecting standards and procedures, all to the detriment of the public interest. Stronger central control areas that set horizontal priorities are needed to act as a counterweight to the specialists' lobby. At the same time, the importance of the individual, of personal initiative, creativity, and individual performance has faded into the background. This is true not only of citizens who place their affairs in the hands of the state more often than necessary, but also of public servants whose scope for entrepreneurial behavior has been restricted by complex official machinery. Individual responsibility has been supplanted by anonymity and frustration. Failure to maintain the necessary close communication with external and internal contacts with regard to their expectations and the fulfilment thereof causes both the efficiency and the effectiveness of public-sector workers' performance to suffer. Moreover, the trend is for these shortcomings not to be eliminated at their source but to be passed on to the next highest level. Growth in the past favored this convenient process of putting off conflicts. This led to bloated budgets as priority and efficiency conflicts were allowed to drag on.

Conceptual approaches to administrative modernization

There are five main aspects to New Public Management. The main emphasis is on defining activities. At all decision-making-levels - whether legislative/executive, government/ministries, ministry/departments, superiors/employees - each activity needs a clearly defined purpose. You have to be able to say what it achieves and what it costs, who is affected by it, to what extent, and with what consequences.

Resources will only be issued for activities that promise some kind of result. This way the material responsibility of the public sector toward society (fulfillment of a social contract) can regain its rightful significance by getting away from formalistic responsibility (focusing on bureaucratic responsibilities and regulations). Clarity and the need to justify behavior can come to the fore so that public actions are not blocked by past decisions but time can be devoted to the tasks that are essential today. Meanwhile, the state, instead of being preoccupied with its own input-oriented machinery, can play a key role.

Market orientation, meaning the organization of authorities based on external and internal contacts, is a second point of emphasis. The focus here is on relationships between suppliers and consumers in which differing roles such as citizen, client, customer, or national legal requirements need to be considered. Orientation toward contacts leads to a bundling of responsibilities often split in the past („one face to the customer“) and requires reform of administrative functions. It also leads to competition in the public sector because a greater distinction between performance and costs makes it possible to compare administrative activities both with each other and with corresponding activities in the private sector.

When net budgets (that is, expenditures actually available for public functions rather than for salaries, pensions, and interest on loans) are under a great deal of pressure, public administrations must concentrate on the essentials and try to strike the best possible balance

between economic goals and means. This does not mean privatizing public service at any price, but rather defining it more closely. Any functions that do not pass this test are better left to private markets. Employee potential should be used to best advantage by radical delegation of decision-making powers right down to the level of largely autonomous work groups. Members of these groups are the ones who have direct contact with the public, and who are thoroughly familiar with production conditions. Organizational constraints arising from overcentralization, a plethora of regulations, and excessive vertical and horizontal division of labor should also be reduced because work is, as far as possible, organized integrally (functional integration). This removes the division between departmental and resource responsibility.

Current approaches to administrative modernization are based on the concept that administrative work should be performed according to the principles of self-regulation (every unit knows its mission, measures its development, and, where possible, corrects divergence from goals itself), of self-organization (every unit decides for itself about the efficiency of its working practices), and of self-responsibility (every unit is accountable for its own effectiveness). Information is primarily exchanged at the links between the organizational units and the perspective is process-oriented. In this way, processes are viewed from their initiation right up until their completion and are organized as a value chain - as short as possible (deleting all superfluous steps), but as long as necessary (creating all value-added cross-relationships between participating organizational units).

New Public Management - a challenge for administrative information systems

As the saying goes, if you ask a lot of questions you get a lot of answers. Unfortunately, the reality is that asking a lot of questions is not central to the prevailing administrative paradigm, which is why it is difficult to find answers as to how to define best public-sector practices. A quick look at public accounting will confirm this. Resource usage is based on schedules of responsibility and individual titles, with no regard paid to any kind of performance evaluation. As the regulatory framework becomes more complex, the bureaucracy is in danger of letting information about its goals and progress be eclipsed by information about regulations and responsibilities. Accordingly, one consequence of the transition to New Public Management has been the reconstruction of administrative information systems.

Management must be supported by instruments providing production information: What does an authority produce, what does it sell, and to whom? Cost and performance accounting delivers information about the planned or actual resources used in this process and the performance achieved. These can be grouped into categories such as cost elements, cost centers, products, and processes. Evaluations and surveys provide information about the external impact of public-sector practices.

Contract management is a form of organized information processing which, in every organizational unit, is directed toward the goals to be achieved in a planning period, the resources which are to be used, and the results. If performance control is typical of a bureaucratic administrative concept, then in this context it is guarantee control: Every administrative body collects and analyzes information about its contributions to the social contract and all subcontracts derived from it. A budgeting function documents these short- to medium-term contracts with the added bonus that it limits itself to the essential information and leaves considerable discretion to those using it.

A controlling function provides and analyzes the necessary target and actual information, enabling a frequent result and premise control. A reporting function is defined for communication this information to everyone involved: those carrying it out, administrative heads, politicians, and the public, which is demanding more and more accountability. An administrative information system which combines all these aspects, many of which are new (at least in terms of their weighting), must be characterized by a large degree of openness so that self-regulation, self-organization, and self-responsibility all rest on a firm information base. This system should supply contextual information and enable the innovation potential inherent in New Public Management to be tapped. This also has consequences for the institutional incorporation of information processing into public administration, where high flexibility and a continuing willingness to change has to be ensured, and creative solutions triggered by administration modernization should not founder due to the software used. In an administration concept which meets the current requirements for an efficient public sector is to succeed, it must include administrative information systems. Administrative modernization concepts must be modeled in such information systems and these information systems must be derived from administrative development.
