UCD GEARY INSTITUTE DISCUSSION PAPER SERIES

The Segmented State:

Adaptation and Maladaptation in Ireland

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Presented at ECPR Joint Sessions Workshop on

'Administrative Reform, Democratic Governance, and the Quality of Government'

Rennes, 10-16 April 2008

This paper is an outcome of the research project *Mapping the Irish State* at UCD Geary Institute, funded by a Thematic Research Grant from the Irish Research Council for Humanities and Social Sciences (IRCHSS)

Geary WP/12/2008

Introduction

Public bureaucracies and how we understand them have undergone significant changes in recent years (Pollitt and Bouckaert 2004). New Public Management (NPM), as championed by international organizations such as the OECD and IMF, has certainly played an important role in these changes in many countries. The term captures a range of reform objectives affecting state bureaucracies and can be difficult to define with any precision. Not least, the agents of change have varied: in its most far-reaching form, NPM has been a core objective of government policy, but in other jurisdictions there has been more of a 'bottom-up approach' to public service reform that has acquired a NPM label. Recent studies in public management have raised the question of whether or not New Public Management, or rather reforms based in its key doctrines, are over, and, if so, what the consequence of it have been for bureaucracies and their work (Christensen and Laegreid 2007).

In this paper, we seek to assess the extent to which NPM was adopted in Ireland and what its principal drivers were, to consider how and with what effects NPM principles were adopted, and to review what the implications have been for the efficiency and coherence of public administration in Ireland. Our central argument is that while many of the principles (and rhetoric) of NPM proved attractive to both politicians and senior bureaucrats as a remedy for particular kinds of problems in policy processes, the variant of NPM adopted was quite distinctive in a number of respects. We seek to capture this by looking at structural change in public administration, and at the values that underpin the work of the public bureaucracy. We conclude by suggesting that problems of effectiveness and efficiency remain and that the challenge of achieving 'joined-up government' remains acute.

New Public Management

Hood and Peters argue that there is no broad agreement on the key features of NPM (Hood and Peters 2004). However, while the central doctrines associated with NPM are certainly contested, as Kettl identifies, NPM's most prominent virtue has been its 'sharp and clear definition of the problem of modern government and of the solutions that would fix it' (Kettl 2006, p.314). NPM has provided both a locus and a theoretical underpinning for a range of reforms in developed bureaucracies that differ from what went before. In response to global economic malaise and the need to tackle the high costs associated with public services, New

Public Management offered the promise of improvements in efficiency through the use of economic rationalism derived from an assumption that the quality of public services would improve if subjected to market-driven pressures, and that adopting administrative styles associated with the private sector would produce better performance.

NPM advocated a move away from centralization and consolidation within the public sphere towards decentralization and structural disaggregation. This fragmentation allowed for specialisation and separation of functional tasks (policy implementation, regulation etc) performed by individual parts of the public service. The focus shifted from resource allocation toward measurement of policy outputs. These solutions were also advocated for 'wicked' or particularly intractable problems and long-standing organizational dilemmas, as they offered the promise of improved responsiveness and innovative ways of providing accountability. The traditional distinction between public and private spheres also diminished as the inclusion of involved interests (stakeholders) in the formulation of policy was championed as a means of providing buy-in and lasting solutions to policy problems.

Pollitt identifies the characteristics most commonly associated with NPM as follows (Pollitt 2003, pp.27-8):

- A shift in management focus from input and process to output
- More measurement and quantification, especially through performance indicators
- A preference for more specialised arms-length agencies
- Contracts instead of hierarchical relationships
- Much wider use of markets and market-like mechanisms for public service delivery
- Broadening and blurring of frontiers between public sector, market and voluntary sector
- Shift in value priorities away from universalism, equity and security towards efficiency and individualism

While there was overlap in intention and language (with an emphasis on the use of market mechanisms such as contracts to provide greater choice for citizens), NPM was not privatization. As Bozeman identifies, while the latter refers to the explicit transfer of functions to the private sphere, NPM is a 'loosely integrated management philosophy'. He

proposes that NPM 'has become a brand, one signifying market-oriented governance' (Bozeman 2007, pp.69-82).

Central to NPM-based reforms have been methods of identifying optimum levels of autonomy and control in the performance of public functions, best summarized in the twin phrases 'let the managers manage' and 'make the managers manage'. Also, the increased use of contracts, both within the public sphere and between public and non-public actors, has been a hallmark of NPM reforms. However, these developments also rely on certain contradictions at the heart of NPM. Decentralisation of functions is intended to let the managers manage, particularly in areas such as HR responsibilities and budgetary control. Yet a reaffirmation of central control – making managers manage – is necessary to achieve this (Christensen et al. 2007).

Internationally diffused NPM idea and concepts may have different content, effects and implications in different settings or countries (OECD 1995; 2005). Pollitt and Bouckaert propose that public management reforms are products of elite decision making which is influenced by international trends, socio-economic forces, environmental events, structural and cultural features of actors in the political system, and existing administrative structures and cultures (Pollitt and Bouckaert 2004). However, the extent to which governments are receptive to international ideas, and the actual translation of reform into practice, is shaped by environmental factors (e.g. level of economic development, stage in the business cycle), by polity (constitutional and structural conditions), and by the politico-administrative culture (historical-institutional tradition, style of governance) of their state or country.

Bozeman proposes that while NPM ideas remain influential, especially in commonwealth or 'Anglo-American' states, the countries most closely associated with NPM are moving away from it (UK, NZ) while others never fully adopted it (Netherlands, Denmark, Germany) (Bozeman 2007, pp.69-82). He also notes that in USA, the 'reinventing government' revolution inspired by Osbourne and Gaebler superseded the use of 'NPM' (Osbourne and Gaebler 1993). Similarly, drawing on Pollitt and Bouckaert (2004), Christensen and Laegrid note that,

> In Anglo-Saxon countries with a Westminster-style parliamentary system, NPM reforms fell on fertile ground and were therefore far–reaching and implemented early. This was due, on the one hand, to strong external economic and institutional pressure and, on the other, to few constitutional and administrative obstacles, a compatible culture and parliamentary conditions that favoured a radical strategy and reform entrepreneurs. By contrast, the Scandinavian countries were reluctant to implement reforms (Christensen and Laegreid 2007, p.9).

Undoubtedly, this holds for the most radical reformers including the UK, New Zealand and Canada, but in countries such as Norway, reform has been a constant feature of administrative life over the last century and this proved a less fertile ground. Path-dependency therefore plays an important role in receptiveness of states to NPM reforms. On the other hand, Ireland was not a conspicuous adopter of NPM, despite sharing many features of constitutional design and political-administrative culture with other English-speaking countries.

Other arguments for the success or otherwise of NPM reforms exist. Bozeman proposes that as the strong welfare states of Europe were making fundamental changes to the ideals of democratic socialism, NPM offered a means of wedding administrative reform with both participative democracy and economic rationalism. In contrast, in the US with its small welfare state and long-held commitment to market-based governance, such ideals were already embedded in the political and administrative culture (Bozeman 2007, pp.69-82).

Post-NPM (or second generation NPM) reforms are associated with improving co-ordination across and between levels of government, and terms such as ‘joined-up’ or ‘whole-of-government’ approaches to policy making are now part of the lexicon of modern governments (and their critics). Concerned with decreasing levels of control over increasingly fragmented administrative structures (as well as greater means and levels of media and public scrutiny), politicians have also sought to exert greater levels of control in a move that has been characterized as ‘neo-Weberian’. However, as well as flexing their political muscle, politicians have had to adapt to the new environment, and strategic rather than detailed operation control is required.

Critics of NPM note that its focus has been too narrow and fails to appreciate the multiple tasks of government, many of which are not subject to quantifiable performance measures. While this is only one example, a consistent criticism of 'government' reforms is that too much stock is placed on the reconfiguration of the bureaucracy and insufficient attention given to political institutions. As Mulgan identifies, much of new public management is in fact 'highly ambivalent' about the implications for political control and accountability (Mulgan 2003, p.155). NPM devolves responsibility for implementation of reform onto the bureaucrats themselves; but this produces a problem for politicians who need to ensure that 'rent seeking' behaviour does not follow or new inefficiencies develop. This can produce a system of oversight and monitoring and performance assessment that, instead of simplifying public bureaucracy, greatly increases its complexity (Hood et al. 1999). At the heart of the structural and market-conforming changes proposed by NPM, indeed, is a shift in the value orientation of public administration itself.

To explain how and why NPM in Ireland diverges from the experience of other English-speaking countries, we first outline the origins of the public sector reform initiative. We then look at changes in structure and organization drawn from a number of ongoing research projects, and consider their significance. We present some data from recent research on value orientations of Irish civil servants. Finally, we consider the reasons for the lukewarm Irish embrace of NPM, and some possible implications for the quality of public administration.

The Strategic Management Initiative: the Irish political and administrative context

When the programme for reform designed by senior civil servants for the public service was presented to then Taoiseach or Prime Minister Albert Reynolds in 1994, he enthusiastically endorsed it and the Strategic Management Initiative (SMI) was formally launched later that year. Underlining a new departure for the Irish public service, Government Departments began to speak of 'strategic planning' and published their first statements of strategy in 1995. SMI was designed to address three key areas:

- Enhanced contribution of the public service to national development

- Provision of top quality services in a timely and efficient manner
- Effective use of available resources

Though it was not explicitly a product of a political initiative or an attempt to introduce NPM ideas without sensitivity to context, the SMI was formed in the global context of greater emphasis on public accountability, performance efficiency, and the depoliticisation of public management. It provided a blueprint for public management reform for the constituent parts of the public service without developing a clear 'whole-of-government' approach. A concern with ensuring a public service ethos meant that not long after its emergence, SMI was renamed as the Public Service Modernisation Programme (http://www.bettergov.ie).

From the outset, therefore, a number of distinctive features to NPM Irish-style emerged. Its proponents argued that it was designed to promote market-type efficiencies but that it was not designed to be a radical programme of reform inspired by new right thinking. It did not originate in an ideological adoption of the market as inherently superior to state-led decision-making. The Irish party system does not feature any strong class cleavage or clear left-right differentiation. The largest party, Fianna Fáil, appeals almost equally to voters from all social class backgrounds. Alternative governments similarly need to include parties whose support is drawn from a cross-class spread. Governments typically attempt to blur sharp lines of ideological division, and to work with approaches to policy that are depicted as pragmatic and realistic rather than derived from a clear set of partisan principles (Mair and Marsh 2004; Marsh 2008). Indeed, the Taoiseach who approved SMI in 1994, Albert Reynolds, was then the leader of Fianna Fáil (at that time in coalition with the Labour Party), whereas the government that oversaw its implementation during 1995 was a 'Rainbow' coalition government made up of Fine Gael, the Labour Party, and the small Democratic Left party, under the leadership of Taoiseach John Bruton (the leader of Fine Gael). But we must not prejudge what this signifies. A 'pragmatic' orientation toward solving recognized problems in the public sector, and justification of reforms with reference to what is 'required', could entail more far-reaching change than might an embattled and partisan confrontation (Green-Pedersen 2002).

The culture of the Irish public administration owed a good deal to its Whitehall origins as part of the British system of government prior to independence, and it is similarly based on

generalist civil servants and a strong non-partisan tradition. But some important divergences from the British model came about over time, under pressure of the very different developmental circumstances of the Irish state. Sections of the civil service were accorded a more prominent role in policy development in politically sensitive areas. For example, during the protectionist phase (1932-1948), the then Department of Industry and Commerce played an active role, under the direction of the Minister, in promoting the formation and guiding the location of fledgling domestic industry (Daly 1992). The pivotal role of the Department of Finance as the guardian of fiscal orthodoxy was established from an early date (Fanning 1978). During the 1950s, the policy thinking that led to a shift in state support toward export-orientation and the eventual dismantling of trade barriers is widely credited as having come from within the Department of Finance itself (Bew et al. 1989; Bradley 1990; Whitaker 1973).

By the late 1960s, senior civil servants had come to believe that their policy development role should be clearly demarcated from the transmission belt function for ministerial initiatives (Devlin Report 1970). But although these ideas were officially embraced by government, they were not in fact implemented. During the 1990s, the impetus for public sector reform originated among senior members within the civil service itself, and drew some of its thinking from a study visit undertaken by a number of them to New Zealand in the early 1990s. Thus SMI was not initially a government-led project. Neither was it wholly the result of exposure to NPM ideas in the international domain. It filtered these ideas through a larger framework of values and priorities about how the Irish public service might best function. Thus the delivery targets of SMI were mostly 'soft', and there were no financial or disciplinary or administrative sanctions for ensuring that they were met (Roche 1998). Performance rewards were introduced for senior management tiers but not for middle or lower grades.

SMI espoused ideas around the devolution of authority, which were formally underpinned by the 1997 Public Service Management Act, introduced by the Rainbow Coalition government and given effect by a new coalition of Fianna Fáil and the Progressive Democratic Party. This Act transferred responsibility with respect to appointments, dismissals, performance and discipline of civil servants up to a certain grade from Ministers to Secretaries-General (the most senior tier of the civil service). A number of other legislative developments followed in

the areas of freedom of information and improving the scrutiny powers available to parliamentary committees. However, it must be acknowledged that these initiatives owed as much to several quasi-judicial Tribunals of Inquiry as they did to conscious attempts to progress the SMI agenda.

As the two key sponsoring Departments for SMI, the influence of the Department of the Taoiseach and the Department of Finance (also known as the 'centre') was enhanced as they adopted the key co-coordinating and 'steering' roles. The fact that all reform initiatives required their approval inevitably led to decision-making bottlenecks and thus slowed the pace of change. However, the fact that the Department of Finance itself was the main monitoring agent of SMI need not diminish its credibility from the outset. This is the same monitoring arrangement as that adopted in Denmark, for example; there, too, 'soft' benchmarks for performance management and an absence of evidence-based assessment have been apparent (Hansen 2005, p.344). We need to base our assessment of Irish NPM trends on a wider spread of indicators.

We can identify a number of changes in public administration that are consistent with NPM thinking and practice. We include among these the following features:

- the structure and organization of the public service, with a trend toward the devolution of functions to specialized agencies;
- recruitment to top positions;
- financial and administrative accountability of top civil servants;
- service delivery contracts, measurements of efficiency, with budget-driven sanctions, and marketization of services.

Structural features

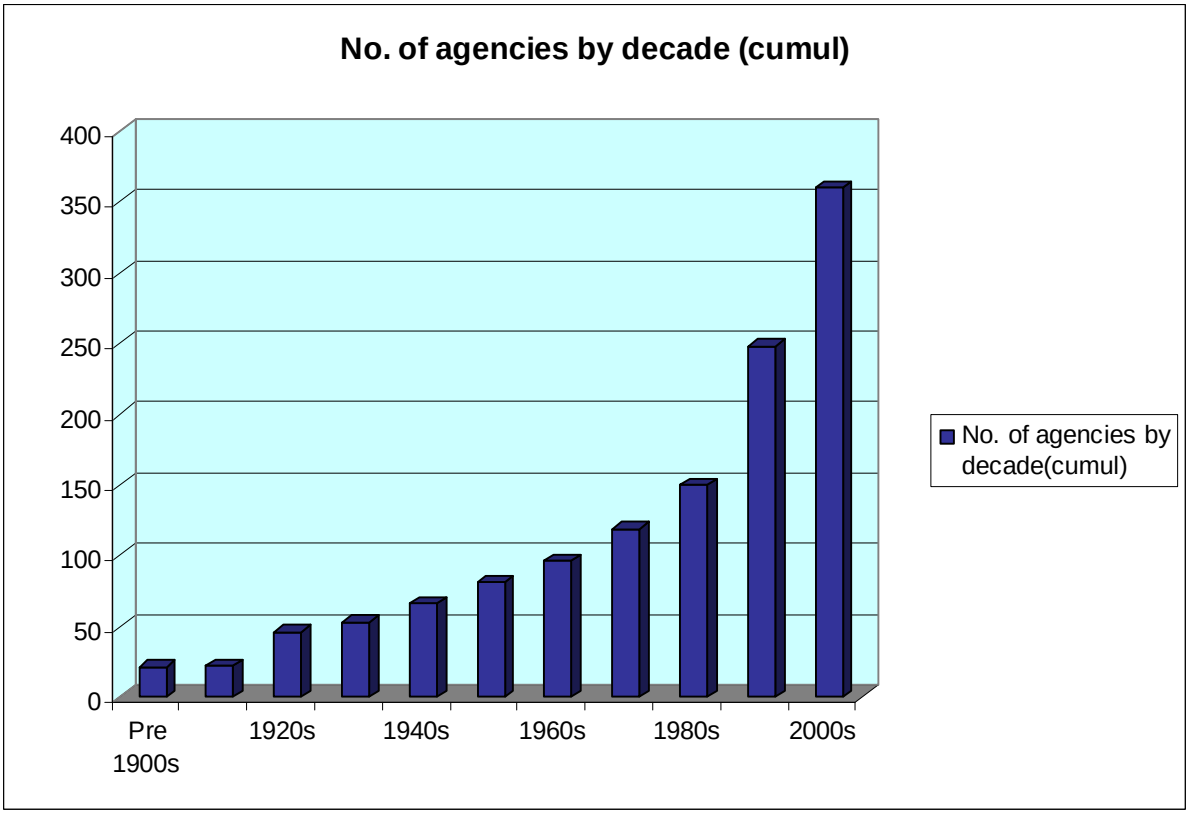
Pollitt and Bouckaert identify the importance of both the vertical and horizontal dimensions in understanding the structural shape of the state, as does Roness (Pollitt and Bouckaert 2004; Roness 2007). Reforms along the vertical dimension are concerned with centralization and decentralization, while horizontal reforms are concerned with the separation of tasks and the distribution of responsibility across levels of government (national, regional, local etc). We can identify change along both axes in the Irish case.

Changes in the structural organization of the public service are a hallmark of NPM reforms. Interest in this originates in the changes to service delivery systems brought about in Britain during the 1980s, when many core functions of departments were devolved into separate agencies. The significance of agencification in the British context remained contested. Rhodes's argument was that the British state was being 'hollowed out', not only be the increasing role of EU decision-making in shaping national policy, but because of the outward and downward delegation of powers to non-departmental structures. The result, he argued, was that networks of interest groups and agency employees – not all of them public servants – both made and implemented policy in ways that were beyond the reach of democratic accountability (Rhodes 1994). This claim about unidirectional change has however been contested. Some have argued that structural change has in fact resulted in a much stronger concentration of power in the hands of government ministers, who monitor results more directly and with fewer intermediary levels of organization than previously (Holliday 2000). Others have pointed out that in fact a much more complex system of governance and oversight is apparent across different policy sectors (Hood et al. 2005). Our investigation of the Irish experience starts with patterns of agency formation, then considers their significance.

Agencies and agencification

The data in this section are drawn from the project *Mapping the Irish State*, funded by the Irish Research Council for Humanities and Social Sciences and based at UCD Geary Institute, Dublin. At the core of this project is the construction of a time-series database of state institutions. The preliminary phase of this project involves compilation and categorization of information about non-departmental agencies. Taking 2006 as the point of reference, a total of 351 such agencies have been identified as being currently in existence. It will be possible quite soon to identify the creation and abolition of agencies over time. What we can document at the moment is the age of agencies currently in existence. We cannot yet say whether agencies were created and abolished at faster rates in the past. But we believe that our indication of a recent speeding-up in the rate of increase in the creation of agencies is a real phenomenon. It also tallies with evidence from other analyses which apply different measurement criteria but which share the common purpose of documenting the growing number of agencies through which public functions are delivered (Clancy and Murphy 2006; McGauran et al. 2005).

Table 1. Profile of national state agencies in Ireland in 2006, by date of establishment

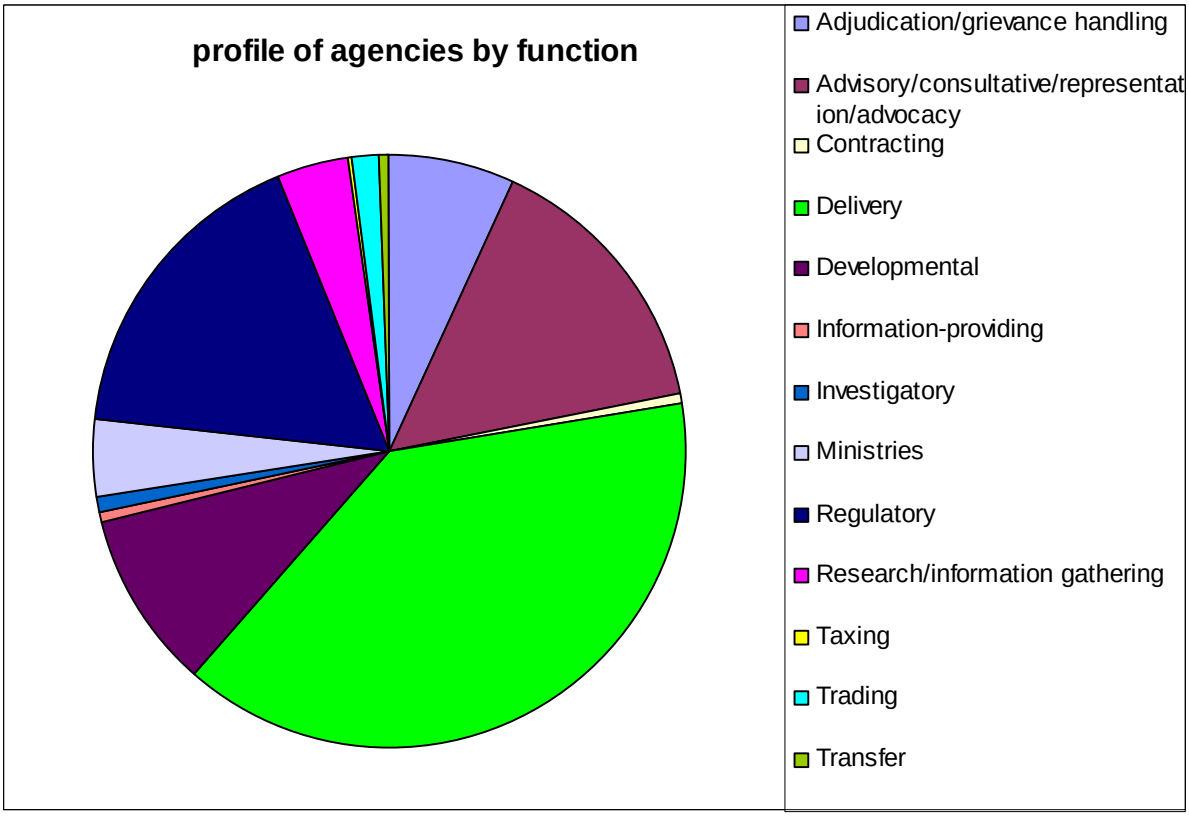


Source: Mapping the Irish State project, UCD Geary Institute

While the trend towards accelerated agencification depicted in Table 1 is reflected in many other states, the question arises as to what these agencies do. What the state does is a subject that cannot be pursued in great detail here, but the *Mapping the Irish State* project has drawn on classifications used elsewhere[1] to derive a unique functional categorization that helps us challenge some of the traditional conceptions around this issue. As Table 2 (which includes Ministries as 'agencies') demonstrates, normative ideas around agencies being created as a means of improved service delivery, regulation and provision of policy advice must be supplemented with the emergence of less examined roles, such as adjudication (Scott 2008).

[1] These include the United Nations Classification of the Functions of Government (COFOG), HM Treasury and Dunleavy 1989.

Table 2. Profile of national state agencies by function, 2006



Source: Mapping the Irish State project, UCD Geary Institute

While the phenomenon of agencification is well documented (Pollitt and Talbot 2004; Pollitt et al. 2004), it is not a one-way street. There is one policy area in which instead of agency proliferation we see considerable agency consolidation: this is the area of health care. In 2005, regional health authorities, along with a number of functional bodies regulating aspects of health planning, were integrated into a single Health Services Executive, separate from the Department of Health. In total, the establishment of the Health Services Executive resulted in the abolition and merger of over 20 agencies into one unified structure. While centralizing decision-making authority and budgetary controls within the HSE, the aims of this organizational change are within the scope of NPM objectives – to improve the quality of service delivery, reduce waiting times, rationalize wasteful fragmentation of service. The complexities of health service reform have tended to undermine public confidence in the Irish

health service. But the changes are a reminder that organizational change alone is not the sole indicator of NPM style change.

We would expect, if the objectives of the Devlin-style reforms of the public service were to be consistently implemented, that agencification would entail policy-making functions staying within departments, while agencies would become regulators and evaluators of performance. We can see only two cases where the organizational conditions for this are apparent: one is the HSE, the other is the Department of Social and Family Affairs where the role of service delivery is explicitly separated from policy.

In fact the increase in the number of agencies in Ireland during the 1990s and 2000s does not appear to be strongly guided by any clear administrative reform priorities. Indeed, it has been suggested that new agencies have been formed at times in order to devolve responsibility for problematic issues into less high-profile bodies; that the purpose and effectiveness of agencies has not been subject to appropriate assessment and evidence-based efficiency audit; and that the oversight of agencies' work is inadequate since a considerable proportion of board members are direct political appointees (Clancy and Murphy 2006).

The establishment of new agencies has been a noteworthy feature of the last two decades. However, as Pollitt and Bouckaert argue, structural reform is no guarantee of success. The significance of institutional innovation may vary. Neither the radical reformers (New Zealand, Canada) nor the more conservative adaptors (Norway, Ireland) have demonstrated that NPM-style reforms have provided systemic measurable improvements in performance (Pollitt and Bouckaert 2004).

Appointment and accountability

Structural change in recruitment to the senior civil service took effect from the late 1990s, when open promotions across the public service first began, and limited-term contracts for Secretaries-General of Departments were introduced. This was accompanied by significant pay increases for these appointees, in line with the move to make these positions analogous to senior managerial appointments in the private sector. While not an overhaul of the traditional methods of recruitment and selection, it nevertheless represents a shift along a continuum from a career- to a position-based service, in which lateral entry is more common in order to

place the best-suited candidate for each position. This process emerged as part of negotiations with trade unions during recent social partnership agreements[2].

In tandem with this, financial accountability structures were reformed, and the Secretary-General of each Department became the Chief Accounting Office for that Department. These officials are therefore open to a wider range of public accountability than previously: they are responsible for the financial audits conducted by the Comptroller and Auditor General, and they can be called before the Dáil Public Accounts Committee in a personal capacity.

However, the impact of reformed management systems and increased accountability has been mixed. In a number of critical cases in recent years where the apportionment of ultimate administrative responsibility became a pivotal issue, it proved impossible to locate personal responsibility with senior officials. Official investigations tend to produce the impersonal finding that 'the system was to blame', not any individual giving effect to decisions within the system. While one secretary-general was transferred from his post, no official has been fired for more serious cases of maladministration; nor have any Ministers left their positions.

The boundaries of politics and markets

As noted above, NPM may imply privatization of some public utilities or services, but does not require it. The impact of the Irish Strategic Management Initiative (SMI), or Public Service Modernization, has not involved a committed systematic approach to privatization of public utilities. NPM in Ireland has therefore not involved any extensive redrawing of the boundaries between state and market. Privatizations have indeed taken place as a matter of government policy, and some were more contentious than others – most notably perhaps that of the national airline, Aer Lingus – but many proceeded uncontentiously. It was difficult to sustain the claim that the state had any ongoing inherent interest in activities it had embarked upon under protectionisim such as food processing or life insurance, or that the loss-making

[2] For example, in February 2007, advertisements were placed in the media for the first ever direct recruitments to the middle-management grade of Principal Officer. Apart from management and policy development experience, the competency set for successful candidates included 'leadership and direction, critical analysis and decision making, managing and delivering results, building relationships and communication, personal effectiveness.'

activities of steel or fertilizer production merited any further public subsidies. But unless mandated by EU competition policy, the Irish state proved a relatively unenthusiastic privatizer (Chari and Cavatorta 2002; Palcic and Reeves 2004/5).

In the area of public contracting, though, the same relatively absence of ideological commitment resulted in a strong commitment to the principles of public-private partnership in infrastructural investments. During the 1990s and into the 2000s, major public contracts had proven liable to significant cost over-runs, and there was a good deal of concern over the capacity of the state to manage large and complex contracts. The turn toward the Public-Private Partnership initiative reflects recognition of this weakness. But it has followed into many areas of investment on a much smaller scale such as school-building, sewage works, and so on. Deloitte consultancy notes that Ireland is a 'world leader' in such areas (Deloitte 2006). Rather than an explicit commitment to market-led solutions, this may reflect distrust of public service capability to achieve value for money.

The political significance of the balance between public and private financing, and the implications of changing the mix, is relatively little debated in Ireland, and does not provide a clear basis for party political policy differentiation. Only in one policy area has there been clear contention: on the issue of how best to relieve congestion in the supply of hospital beds. The complex mix of public and private funding in Ireland results in a situation in which public investments in health care in effect subsidize private provision, often within the same hospital setting (Nolan and Wiley 2000). About half of the population currently has private health insurance, and public hospitals depend in part on their payments to fully fund their activities. The issue of 'co-location' of new private for-profit hospitals on the grounds of public hospitals and drawing on their facilities, while maintaining separate admissions systems, featured briefly in the 2007 general election campaign. But the issues proved difficult for the opposition parties to dramatize successfully and the government's preferences – or rather, the policy preference of the minor coalition party the Progressive Democrats and its Health Minister – prevailed. The official commitment on health policy is to invest heavily in primary care and to equalize access to acute care to all on the basis of clinical need not ability to pay. But the actual effect of decision-making has been to facilitate a drift toward increasing the role of private medicine, increasing the importance of for-profit health services, and strengthening the differentiation between public and private patients'

access to the system (Finn and Hardiman 2007). This is one of the most clear-cut areas of Irish public administration in which the boundaries of state and market have been most clearly altered. But so far from conforming to declared principles of NPM, it has barely surfaced as an explicit policy commitment at all.

Implications for performance: oversight, effectiveness, efficiency

Assessing the extent to which Public Service Modernization – insofar as it is an aspect of NPM style reform – has actually improved service delivery is extraordinarily difficult. A number of independent reviews provide mixed results. In 2002, a consultancy report found that 'the civil service in 2002 is a more effective organisation than it was a decade earlier', but also noted that the programme was far from complete (PA Consulting 2002). A report by the state's financial watchdog – the Comptroller and Auditor-General – in 2007 suggested that 'while [reform] initiatives have been co-ordinated, the achievement of results has been incremental and institution specific' (Office of the Comptroller and Auditor-General 2007). Furthermore, the report found that:

> While progress has been made on modernisation in the areas of strategic planning, HRM and programme evaluation, there is a need to review the extent to which the modernisation programme is impacting on value in the form of improved services or more efficient processes.

It also proposed that the next phase of the modernisation agenda required a 'stronger and more measurable set of targets for improvement' as well as 'a more coherent and integrated vision supported by specified modernisation objectives'. In 2006, the Department of the Taoiseach commissioned the OECD to 'benchmark the Public Service in Ireland against other comparable countries; and to make recommendations as to future directions for Public Service reform'. The report is due to be published in April/May 2008.

The SMI-inspired reform programmes for individual sectors of the Irish public service (civil service, local government) spawned initiatives in relation to structural and organizational features of those sectors. But the evidence for a more co-ordinated 'whole of government' approach is not substantial. *Delivering Better Government* recognised that with few exceptions, Departments tended to focus on their own objectives and were not incentivised to

operate across boundaries. It recommended that more use be made of cross-departmental teams and that Cabinet sub-committees be used to provide political support for such work. Also, the 1997 Public Service Management Act provided a legislative basis for Ministers and their staff to work across boundaries. Since then, a number of grade-based networks and issue-based inter-departmental committees have developed across the service with a view to a more joined up approach to policy.

However, the success or otherwise of these networks is still largely determined by the central departments (Finance and *Taosieach*), who have responsibility for overseeing and co-ordinating their work. Their emphasis has tended to be within the civil service rather than the wider public service i.e. local government officials are not present in the civil service networks. Also, evaluations such as Value for Money audits are still conducted around traditional structures and in many ways reinforce boundaries between sectors and levels of government.

The variety of control and accountability arrangements between departments and agencies (horizontal) is indicative of an incremental approach to structural reform, while upward feedback sub-national to national government (vertical) remains underdeveloped (Mac Cárthaigh 2007). While there has been much progress in relation to work practices and processes, in the absence of incentives for cross-departmental work, the 'stove-pipe' nature of Irish public administration remains strong.

SMI by itself, it would appear, has not radically overhauled core aspects of how the public service functions. Piecemeal policy change in the mix of public and private financing is likely to produce more far-reaching consequences for the quality of service delivery. But there are relatively few appropriate measures for assessing what level of performance is being achieved – because there is relatively little debate about what the appropriate performance measures might be. Only in the local government sector has there been a systematic and multi-annual adoption of performance measures.

Cultural features: values and organizational culture

Following on from these considerations, we wish now to turn to the subjective implications of NPM-inspired reforms for the work of civil service employees themselves. While considerable analysis of the structural changes resulting from NPM-based reforms has been undertaken, the effects of these reforms on organizational culture, and specifically on public service values, has been less easily quantifiable. In organisational theory, values are normally conceptualised as essential components of organisational culture and as instrumental in determining, guiding and informing behaviour (Hofstede and Hogstede 2005; Schein 2004). In their recent work Beck Jørgensen and Bozeman propose that 'there is no more important topic in public administration and policy than public values' (Jørgensen and Bozeman 2007, p.355). Bozeman proposes that performance is effectively 'the extent to which the values represented in policy objectives are achieved' (Bozeman 2007, p.79).

As noted above, NPM has encouraged a more explicit separation of policy from operations, as well as the slimming down of the state in favour of greater private and third-sector involvement in the policy process. As well as reforming institutions and processes, this transformation has involved rethinking values (and norms) and in many cases the adoption of new value systems. In some cases, the transformation has been quite radical, involving value shifts that have been criticised for undermining public service loyalty and integrity (Kakabadse et al. 2003, p.477). Similarly, Horton notes the difficulties presented by NPM-styled reforms and their emphasis on values such as 'productivity, efficiency, risk taking, independence and accountability', which, she argues, can often be in conflict with 'traditional Weberian values of procedural correctness, equality of treatment, risk avoidance and strict adherence to rules and regulations' (Horton 2006, p.538). In response to a perceived diminution of a public service ethos resulting from extensive NPM reforms, the Australian state passed legislation to promote a switch from rules-based management to values-based management in its public service (Halligan and Adams 2004).

The difficulties in marrying traditional values with those more closely associated with NPM were recognised in the review of the SMI published in 2002. It stated that the programme of reform for the civil service – *Delivering Better Government* – had:

> …envisaged a more performance and customer oriented culture taking hold within the civil service. These represented new values to be added to more traditional ones such as equality, consistency, fairness, transparency and propriety in dealings with staff and customers (PA Consulting 2002, pp.17-18).

In a series of workshops conducted by Mac Cárthaigh with public servants from both the civil service and local government, a series of questions concerning public service values were considered (Mac Cárthaigh 2008). In identifying the values which inform the work and activities of these elements of the public service, the most common responses from each workshop are reproduced in Table 3 below (in random order) and demonstrate both similarities and differences between sectors.

Table 3: Most commonly identified values

What values inform the work and activities…		
…of the civil service		**...of local government**
Workshop I	**Workshop II**	
• Honesty • Impartiality • Integrity • Fairness • Loyalty • Quality Service • Collegiality • Flexibility • Commitment to the citizen	• Honesty • Impartiality • Integrity • Fairness • Accountability • Legality • Neutrality • Speed (of service delivery) • Value for Money • Leadership	• Honesty • Impartiality • Integrity • Fairness • Accountability • Legality • Neutrality • Loyalty (to local area) • Equity • Public Value • Reputation

Unsurprisingly, all workshops identified and agreed that the 'traditional' public service values featured in their work and the work of their organisations. The civil service workshop II and the local government workshop both paced particular emphasis on 'accountability' and how it was now the pre-eminent value of public service work. It was also suggested that there was greater emphasis on 'defensive' values in response to various external pressures on the public service.

In the civil service workshops, as well as the traditional value sets, other values emerged that resonate with public management reform programmes. These included flexibility, value for money (effectiveness) and speed of service delivery (efficiency). However, some values that may have been expected in the context of modernisation, such as innovation, did not emerge.

In relation to the issue of changing values, workshop participants were asked to comment on whether or not values were changing in the public service, and if so, what the drivers for change were. Overall, while the workshops reflected a strong view that the public service retained a unique set of values that had traditionally characterised its work, there was also recognition that the 'pecking order' of values had changed due to a variety of factors. Participants identified a greater emphasis on those values associated with public sector reform, including efficiency, flexibility and accountability.

When asked what the drivers for changes in values were, a wide variety of issues arose and distinctions between the civil service and local government sectors can be identified. Changes in Irish society had resulted in greater demands and expectation on public services. This had also been reinforced through a variety of EU and domestic legislative developments which required new approaches to such issues as equality, freedom of information and health and safety. Political expectations were also greater. Public sector reforms and a greater emphasis on the role of the individual public servants were also identified as a driver of value-change.

Table 4. Changing values

Drivers for changes in values		
Civil Service		**Local government**
Workshop I	**Workshop II**	
• Public service reforms • Less emphasis on precedent • Greater political expectations • Legislative change	• Social change • Greater political expectations • EU (for some Departments) • Social Partnership • Expectations of new recruits • Focus on needs of individual public servants	• Shift to 'governance' • Social Inclusion Agenda • Greater public expectations • Avoidance of Risk culture • Focus on needs of individual public servants • Import of private sector management practices • EU and domestic legislative changes • Legal Liability

Assessment

While Ireland shares many of the features of the commonwealth/Anglo-American countries in terms of its NPM reforms – accelerated agencification, greater integration of public and private spheres in public service delivery and values conflicts arising from these changes, it cannot be considered as a radical reformer. Instead, we find strong evidence of the cherry-picking of reforms inspired by NPM doctrines more associated with the Scandinavian and continental European states. The combination of institutional isomorphism, incremental change and variety in progress across the spectrum of called for reforms, suggests the Irish NPM movement was never designed to be an intelligent or self questioning process. A forthcoming review from the OECD is likely to recommend greater emphasis on strategic co-

ordination of the public service both vertically and horizontally in order to improve on its performance – classic features of a 'post-NPM' bureaucracy.

Reforming the reformers?

The Irish public service reform initiative was a product of that service itself, and its reform-minded outlook has often been lauded. But this begs questions concerning the political dimension of reform, and in particular the ability of the political sphere to make informed decisions on the trajectory of reforms. The fact that public service reforms are driven by senior public servants undermines the potential for the successful implementation of 'painful' reforms. Critics might say that the introduction of performance-based awards at the senior levels of administration only undermines confidence in the system. Also, the lack of devolution of key responsibilities – HR and finance – to agencies or sub-national government demonstrates an ongoing reluctance by the 'centre' to embrace key doctrines of NPM (McGauran et al. 2005, Mac Cárthaigh 2007).

Some indirect methods of driving change exist through the social partnership processes governing pay bargaining: acceptance of continuous change, the abolition of traditional relativity-driven pay claims, and flexibility in work practices, are all central tenets of the agreements and in principle pay rises are conditional on evidence that appropriate targets are met. However, there is relatively little confidence outside the public sector that the 'benchmarking' pay recommendations during the 2000s in which these new commitments were entrenched were underpinned either by hard data or based on serious conditionality. Public sector unions continue to be very powerful. Approximately 80% of public employees are unionized and public service employees have been estimated to constitute over half of all trade union members. If NPM is intended to replace traditional hierarchical modes of governance with performance-driven and devolved mechanisms, it is not clear that this can be achieved through non-hierarchical means of policy implementation.

Conclusions

We would have expected that NPM-style innovations would be relatively easily implemented in Irish public administration, in line with those seen in other English-speaking countries. Comparative research has revealed that:

> …in those countries traditionally characterized by a fragmented administrative culture (that is, by little cohesion, and by the lack of any shared bureaucratic values or representation of strong interests), bureaucracies have proven less independent of politicians' wills and thus stable, cohesive government coalitions, based on large parliamentary majorities, have been able to introduce radical reforms (as in the USA and the UK). On the other hand, in the case of those national bureaucracies dominated by a shared, highly institutionalized organizational culture – be it either legalistic and formalistic (as in Italy, Germany and Spain), or based on independent professional values (as in France) – wide-ranging managerial reforms have proven much hardier. (Gualmini 2008, p.91).

Since the Irish public service owes its origins to the Whitehall model, and is structurally very similar to the British in relying on generalist intake and non-technocratic task specification, implementation of a change inspired by private sector priorities and values would be relatively easy to undertaken and would encounter relatively little resistance.

What we have found is rather different. We have discovered relatively little central government commitment to adopting managerialist priorities, and a reform agenda that has been adopted and implemented primarily through leadership exercised by the top civil service itself. We have found that institutional innovation in Irish public sector organization, while often seeming to reflect NPM-style structures, especially in agency creation, does not in fact represent any systematic attempt to restructure functions. This is underscored by the fact that structural innovation is not followed by significant innovations in assessing outcomes in areas such as efficiency, productivity, or value for money. There has been relatively little shift toward systematic administration through targets, measurements, or standards, not is there yet a coherent drive toward reorganization. In the process, there has been relatively little evidence of any actual shift toward market-consistent values, rather a persistence of core values of public sector service. But in the absence of quality-assurance, it is not clear what this may imply for actual practices.

The diffusion of values driving structural change in the Irish public service springs from the relative lack of ideology on issues not only of service delivery but in the profile of the welfare state and of public investment priorities more generally. The pragmatic stance that characterizes government policy neither excludes any specific policy change nor mandates any others as a matter of priority. The result is the patchwork of types of administrative reform with varying significance across the public service.

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