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Public sector reform: an overview of recent literature and research on NPM and alternative paths

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Abstract

Purpose – The purpose of this article is to discuss the idea that new public management (NPM) would be *passé*.

Design/methodology/approach – The article is based on a review of existing theories.

Findings – The article argues that NPM has two dimensions, namely the minimization of the role of government *vis-à-vis* society and the improvement of the internal performance of the public sector. Whereas the first dimension is indeed more and more disputed nowadays this does not imply this also goes for the second dimension. The conclusion of this article calls for explanatory empirical research in order to explain the increasing variance in reforms among countries, by investigating which factors are determinative for decisions by governments to turn one way or the other.

Practical implications – It is far from certain which way the public sector is heading in the so-called post-NPM era. Some countries are still implementing NPM-kind of reforms, either by downsizing or by introducing performance management. Other countries have chosen alternative paths. All this implies an increased variance between countries in the direction public sector reforms take. It requires quite different support from administrative sciences compared to the one-size-fits-all recommendations for public sector reforms – in conformity with the maxims of NPM – as witnessed in the past decades.

Originality/value – The article contributes to the discussion about the role of NPM today. It presents original conclusions about diverging developments based on the unique comprehensive literature review on the topic.

Keywords New public management, Performance management, Governance, Developmental state, Neo-Weberian state, Public sector reform

Paper type Research paper

Introduction

Are the underlying ideas behind New Public Management (NPM) *passé*? Many scholars in Public Administration have argued that other paradigms such as those of (good or sound) governance, the Neo-Weberian state, public value pragmatism and

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public service motivation have replaced the until recently dominant idea of NPM. This paper investigates on the basis of an overview of recent literature and research, whether these ideas are reflected in the real world of public administration or mere wishful thinking?

That NPM lost ground has been argued many times before. Already in 1998 Lynn told us that “[m]ost of us could write the New Public Management’s post mortem now (Lynn, 1998, p. 231). In 2004 Pollitt and Bouckaert pointed to the inevitable reaction to NPM based reforms because after a period of NPM based reforms reactions to the norms and values on which these reforms were built are to be expected (Pollitt and Bouckaert, 2004). Simultaneously Pollitt (2003) acknowledged that NPM is not over. Olsen in 2006 wrote an article with a title leaving very little to our imagination: “Maybe it is Time to Rediscover Bureaucracy?” (Olsen, 2006). At the same year Dunleavy proclaimed NPM was indeed dead (in: Christensen and Læg Reid, 2007, p. 1). Orozco (2009) argued that NPM is based on neo-liberalism and owed its development to this doctrine. According to him with the exhaustion of neo-liberalism also the end of NPM is visible. Levy (2010) calls NPM arguably as much a casualty of the global economic crisis as are the markets and market mechanisms, which underpin it. Some talk about post-NPM (Christensen and Læg Reid, 2007; Olsen, 2006), others argue the emergence of the New Weberian State (Drechsler, 2005). This idea is seen in Drechsler’s publication of 2005 under the expressive title: “The Rise and Demise of New Public Management”. There the author tells us that “I would say that in PA: in 1995 it was still possible to believe in NPM, although there were the first strong and substantial critiques; in 2000 NPM was on the defense, as empirical findings spoke clearly against it as well; in 2005 NPM is not a viable concept anymore”. However, he immediately adds that “Yet in many areas both of scholarship and of the world as well as in policy NPM is very much alive and kicking.”

Lapsley noted that there is evidence that, over the period 1999 to 2009, New Labor policy advisors in the UK translated NPM into modernization (Lapsley, 2010, p. 8). Still others spoke about the upcoming Public Value pragmatism and the new paradigm on Good Governance emphasizing the increased need and recognition that the quality of the public sector should be improved instead of its efficiency.

Notwithstanding the enormous increase in theory-building around governance seen in recent scholarly publications and the relative decrease of scholarly publications regarding developments related to NPM in the practice of public administration all over the world, the ideas behind NPM in such systems might still very much alive even though they are nowadays translated in different tools, the ideas about their functionality and delivering results might still be functional.

This paper investigates to what degree processes of public administration systems and reform are still influenced by recommendations flowing from the NPM tradition. First of all it aims to provide an account of public administration reform processes and the role of NPM therein at the end of the first decade of the 21st century. Second it provides indications of the nature of the changes taking place in public administration in different parts of the world and the communalities therein.

This provides information, which is indicative for an answer to the question posed above: What has remained of NPM and what is the role of NPM tools in public administration today?

What is characteristic of NPM?

Before that overview of research is presented it is necessary to frame it within the context of our research question. This implies it is necessary first to give the main characteristics of New Public Management and the main ideas about its successors. In this regard it is customary to refer to the landmark book by Osborne and Gaebler, of 1992, who wanted to reinvent US government in order that it works better and costs less (Osborne and Gaebler, 1992). Their ideas on New Public Management were summarized in Denhart (2004, p. 136) under ten principles: Government under NPM should be catalytic (steering rather than rowing), community-owned (empowering rather than serving); competitive by injecting competition into service delivery, mission-driven instead of rule-driven, results-oriented, customer-driven, enterprising, anticipatory, decentralized and market-oriented. This view on the public sector is based on a very critical stance towards it. There is no way out and no matter what one does, the public sector will inevitably perform worse than the market sector. Therefore, leave the rowing to those organizations that know how to deliver services, i.e. the free market. The neo-liberal roots of NPM tell us that society would be better off if the public sector as such would be downsized and the number of public officials could be decreased by privatization and economic liberalization (see Gore, 2000; Brinkerhoff, 2008, p. 986).

At approximately the same time Hood (1991, 1995) identified as typical for New Public Management as it developed in the UK elements such as hands-on management, performance measures, emphasis on output and controls that objectives are met, disaggregation of and competition within the public sector, copying private sector management styles and input discipline (Hood, 1991, 1995).

According to Hood NPM does not see the performance of the public sector as something hopeless, but rather as something to be improved, which could be done if it would act similarly as the market sector does, i.e. if it would be more product instead of function-oriented, if internally it would become merit-based and careers would be organized on a professional instead of formal-legal basis, if management-objectives would become dominant over legal arrangements, if mobility would increase and flexible work contracts would replace seniority principles, if the bureaucratic ethos would disappear and the emphasis would be on the quality of service delivery and e-government (Gualmini, 2008; Spacek and Maly, 2010).

These two conceptions on the internal and external workings of government, with which NPM is associated, have despite of their common denominator in the market ideology, a rather different focus. Whereas Osborne and Gaebler wanted primarily to improve the way government works *vis-à-vis* society, which would in their view only be possible if the public sector would withdraw and leave service delivery to the private sector, Hood emphasized the meaning of NPM as a set of recommendations in order to make the public sector better organized and managed internally. Reading both many times cited publications and with the benefit of hindsight one can see that NPM became the heading of two related but simultaneously rather different streams of reform: on the one hand aimed to improve the quality of the public service delivery on behalf of its customers and on the other hand with an emphasis on the need to downsize the public service, because in neo-liberal terms there is no way out for the public sector but to leave everything to the private sector.

The internal and external workings of the public sector pose an important, albeit somewhat neglected distinction between two dimensions of New Public Management. Important, because as the remainder of this paper will argue, the direction of the developments of public administration reform differs on both dimensions and whereas the ideas of NPM might have become less dominant on one dimension, this is not necessarily the case regarding the other dimension. Our paper includes both dimensions, but its detailed focus is on external working of government.

Results: a preliminary analysis of actual trends

The first thing to note is that the current period of reforming public administration systems in developed and developing countries emerge within varying contexts and thus vary in themselves. There is no one-size-fits-all approach visible. In that sense and because of what we see in recent account of national public sector reforms, it can be argued we are in a period of transition. A transition from decades in which promoting efficiency and minimizing government has been the incantation for all problems in the public sector towards a period in which governments in different parts of the world seek their own way out of this ideological based fad. Labels such as the “new” state, good governance, a neo-Weberian state or even Developmental State are phrases heard in different parts of the world. The concrete descriptions of such a “model state” may vary (also depending where in the diapason between centralization and decentralization the country’s ideology could be located), but it seems that they include common features, especially emphasizing the rule of law, reliability, openness and transparency; accountability and responsibility; participation and effectiveness.

Common paradigm shifts are also visible – like from emphasizing short term goal achievement to stressing the need to address long term effectiveness; from an emphasis on efficiency to stressing effectiveness; from emphasizing outputs to outcomes; from input (what is put in) to process (how to do it) thinking, et cetera.

The list of main principles of modern administration indicates what the role of NPM is today. Recent research provides evidence that many NPM tools, if properly implemented, may support important efficiency improvements – and better efficiency is, according to our opinion, still an adequate tool to help balance the so much imbalanced governmental finances today. Spending less and taxing more is very risky, from a economic, political as well as a social point of view. Spending “better” may help out. All this implies that NPM is not dead with regard to the recommendations given to the improvement of the internal workings of government. The recent literature on this subject indicates that really many NPM “generated” tools and instruments are “alive” all over the world. The results of their implementation depend on the quality of preparing and implementing respective reforms. Most common and frequently used NPM tools and instruments, with their positives and bottlenecks, are the use of performance measures, the emphasis on output and controls that objectives are met (performance audit and control), the contracting and outsourcing, the disaggregation of and competition within the public sector, the emphasis on the quality of service delivery, e-government tools. In many cases private sector management styles are copied by public organizations – hands-on management, input discipline, more product instead of function-oriented management, careers organized on a professional instead of formal-legal basis, mobility increase and flexible work contracts.

This is especially important since the single most important problem nowadays seems to be the current financial crisis. Many authors (like Foster and Magdoff, 2009) argue that the issue of fiscal/financial/economic crisis is just symptomatic, but the future trend might be long term and deep stagnation, with comprehensive impacts on the human existence – the crisis is connected with the accumulation of several critical factors and such a piling-up of problems might well pose a threat to basic vital structures which determine the functioning of the society as the whole.

The response to the economic crisis has been partly a global one, through measures such as increased resources for the IMF and policy co-ordination between central banks on monetary policies and to an extent between national governments on fiscal policy. Central banks, including the European Central Bank, have engaged in continual interest rate cuts to historically low levels, but have coupled this with a measure called quantitative easing, which is close to simply increasing the money supply. The central bank buys up assets such as government and corporate bonds – using money it has simply created itself out of thin air. The institutions selling those assets, often banks, will then have “new” money in their accounts, which then increases the money supply. In effect this adds to the fiscal stimulus. Economies are being boosted with a fiscal stimulus by borrowing and also by “quantitative easing”. However, this has not been a traditional Keynesian fiscal stimulus as much of the money is being used to help failing firms and in particular the finance sector.

Huge sums of money are involved. Their immediate aim was to stop the world collapsing into a 1930s style depression. But, this deficit spending and process of quantitative easing cannot carry on indefinitely. It will have to be paid for and that means constraining spending and increasing taxes in the years to come. This will have an impact, in some countries a very large impact, on all areas of government spending in all countries and it seems also to impact changing ideas about the proper role of government, public institutions, such as oversight committees and increased controls in which the public sector is necessarily involved. This problem was for a long time latent and hardly addressed under the guise of neo-liberalism, but entering the second decade of the millennium the problems and pitfalls of a free market without a proper institutional control, cannot be denied anymore. How serious the problems are even in the wealthiest part of the world is seen in Table I.

It was the idea of New Public Management based on the ideology of neo-liberalism that promoted the idea of minimal government. However, currently the free market in crisis demands from government to regain its proper role, even though until now, this is mainly seen in public deficits that reach record heights in nearly all countries and public debts that grow very fast.

The dramatic decline in GDP, public revenues and stabilization expenditures reveal the urgent problems that many countries face. It is in those circumstances that industry, banks but also common people turn to their governments and demand solutions, which cannot be provided for by the market nor by a minimalistic public sector. It is not sufficient just to increase taxes and to implement cross-sectoral general cuts. In such a severe situation it becomes obvious that the one-size-fits-all solution of minimizing the influence of government has serious drawbacks and that the ideology behind NPM has reached its limits.

	Average 1994-2003	2004	2005	2006	2007	2008	2009	2010	Projection 2011	2015
<i>Developed economies</i>										
Net borrowing		-4.2	-3.3	-2.3	-2.1	-4.7	-10.1	-9.3	-8.0	-5.0
GDP gap	-0.1	-0.5	-0.3	0.3	0.5	-1.1	-5.4	-4.2	-3.5	-0.7
Structural balance		-3.6	-2.8	-2.3	-2.1	-3.8	-6.1	-6.8	-5.9	-4.5
<i>USA</i>										
Net borrowing		-4.4	-3.2	-2.0	-2.7	-6.7	-12.9	-11.1	-9.7	-6.5
GDP gap	0.1	-0.5	0.0	0.3	0.0	-1.8	-6.0	-4.9	-4.3	-1.3
Structural balance		-3.2	-2.3	-2.0	-2.3	-4.9	-7.2	-8.0	-7.1	-5.7
Net debt	44.4	42.2	42.6	41.9	42.4	47.6	58.8	65.8	72.7	84.7
Gross debt	63.3	61.4	61.6	61.1	62.1	71.1	84.3	92.7	99.3	110.7
<i>Euro area</i>										
Net borrowing	-2.7	-2.9	-2.5	-1.3	-0.6	-1.9	-6.3	-6.5	-5.1	-2.8
GDP gap	-0.7	-0.8	-0.9	0.5	1.7	0.8	-3.7	-2.9	-2.5	-0.1
Structural balance	-2.8	-3.0	-2.7	-2.1	-1.8	-2.6	-4.3	-4.5	-3.6	-2.5
Net debt	54.4	55.0	55.2	53.3	51.0	53.4	62.3	67.4	70.4	73.8
Gross debt	69.7	69.5	70.1	68.3	65.9	69.5	79.0	84.1	87.0	89.3
<i>Germany</i>										
Net borrowing	-2.5	-3.8	-3.3	-1.6	0.2	0.0	-3.1	-4.5	-3.7	-1.4
GDP gap	-0.2	-1.8	-2.2	-0.1	1.3	1.1	-4.3	-2.2	-1.5	0.2
Structural balance	-2.5	-2.9	-2.2	-1.6	-0.3	-0.3	-0.8	-3.1	-2.9	-1.5
Net debt	41.4	50.5	53.1	52.7	50.1	49.7	55.9	58.7	60.4	61.7
Gross debt	58.6	65.7	68.0	67.6	64.9	66.3	73.5	75.3	76.5	75.6
<i>France</i>										
Net borrowing	-3.3	-3.6	-3.0	-2.3	-2.7	-3.3	-7.6	-8.0	-6.0	-2.2
GDP gap	0.0	0.4	0.3	0.8	1.1	-0.4	-3.9	-3.5	-2.9	-0.2
Structural balance	-3.1	-3.6	-3.4	-2.6	-3.2	-3.1	-5.0	-5.0	-3.7	-1.9
Net debt	48.4	55.2	56.7	53.9	54.1	57.8	68.4	74.5	77.9	78.7
Gross debt	57.6	64.9	66.4	63.7	63.8	67.5	78.1	84.2	87.6	88.4
<i>Italy</i>										
Net borrowing	-4.2	-3.6	-4.4	-3.3	-1.5	-2.7	-5.2	-5.1	-4.3	-3.0
GDP gap	-0.1	0.0	-0.4	0.8	1.5	-0.5	-3.7	-3.0	-2.6	0.0
Structural balance	-4.4	-4.8	-4.6	-3.4	-2.5	-2.6	-3.9	-3.6	-2.8	-3.1
Net debt	99.7	88.3	89.2	89.7	87.2	89.0	96.8	99.0	100.1	99.5
Gross debt	113.9	103.8	105.8	106.5	103.5	106.1	115.8	118.4	119.7	118.8
<i>Japan</i>										
Net borrowing	-6.0	-6.2	-4.8	-4.0	-2.4	-4.1	-10.2	-9.6	-8.9	-7.4
GDP gap	-0.9	-1.1	-0.8	-0.3	0.4	-1.6	-7.1	-5.0	-4.1	-0.2
Structural balance	-5.6	-5.7	-4.6	-3.9	-2.5	-3.6	-7.3	-7.6	-7.2	-7.3
Net debt	48.3	82.7	84.6	84.3	81.5	94.9	111.6	120.7	129.5	153.4
Gross debt	126.0	178.1	191.6	191.3	187.7	194.7	217.6	225.9	234.1	249.2
<i>UK</i>										
Net borrowing	-2.1	-3.4	-3.3	-2.6	-2.7	-4.9	-10.3	-10.2	-8.1	-2.4
GDP gap	-0.1	0.1	-0.3	0.0	0.7	0.4	-4.0	-2.7	-2.3	-0.6
Structural balance	-1.9	-3.3	-3.1	-2.7	-3.1	-5.6	-8.3	-7.9	-6.2	-1.7
Net debt	37.8	35.5	37.3	38.0	38.2	45.6	61.0	68.8	74.0	76.0
Gross debt	43.1	40.2	42.1	43.1	43.9	52.1	68.5	76.7	81.9	83.9
<i>Canada</i>										
Net borrowing	-1.0	0.9	1.5	1.6	1.6	0.1	-5.5	-4.9	-2.9	-0.2
GDP gap	0.5	1.1	1.5	1.7	1.7	0.1	-3.8	-2.4	-1.5	0.0
Structural balance	-1.1	0.4	0.9	0.8	0.6	0.0	-3.2	-3.4	-2.0	-0.2
Net debt	56.2	35.2	31.0	26.2	23.1	22.4	29.0	32.2	33.5	32.2
Gross debt	90.6	72.6	71.6	69.4	65.1	69.8	81.6	81.7	80.5	71.6

Source: IMF World Economic Outlook, October 2010 (IMF, 2010)

Table I.
Public finance trends in
selected countries
(% GDP)

The remains of NPM in the relation of the public sector *vis-à-vis* society

This brings us to the major research question from which this paper departs: Is NPM in decline, dead, demised, to be forgotten and not to be taken seriously anymore, or is it still alive and kicking? If NPM's impact has declined, what came in return? Many scholars have tried to answer this question and this section gives a brief overview of the alternative answers.

First of all, some have argued that, comparatively speaking, there never has been a uniform adaptation of NPM principles. König already argued in 1997 that public management reform is first of all a national matter (König, 1997). Polidano (1999, p. 4) argued similarly that “while many developing countries have taken up elements of the NPM agenda, they have not adopted anything close to the entire package; and they are simultaneously undertaking reforms that are unrelated or even contrary to that agenda.”

Ferlie, Lynn and Pollit argued likewise in 2005 that “each country makes its own translation or adaptation” (Ferlie *et al.*, 2005, p. 721) and Kickert concluded in 2008 that in such reforms often old and new traditions are combined (Kickert, 2008). This also was visible in recent research on developments in Central and Eastern Europe (Bouckaert *et al.*, 2009). As Nemeč argued in 2011, the variance in the nature of such reforms and their effectiveness might well be a consequence of varying (extreme) territorial administrative fragmentation in the public sector in countries, the variance in the level of established competition in the market sector, the varying quality of the state of law, the existence of an institutionalized administration in the Weberian tradition (Nemeč, 2011; Peters, 2001, p. 176) and the varying extent in which the public administration suffers from corruption. In this regard one can also refer to Wolfgang Drechsler who noted already in 2001 that “NPM is particularly bad if pushed upon transition and development countries, because if it can make any sense, then it is only in an environment of a well-functioning democratic administrative tradition” (Drechsler, 2005, p. 101). The same was argued by Schick telling already in 1998 that “The greater the shortcomings in a country's established management practices, the less suitable are the [NPM] reforms” (Schick, 1998, p. 24).

Notwithstanding specific national mixtures, the argument that the NPM impact never has been significant is, however, given the numerous case studies on many countries in the developed and developing world, hardly tenable (Peters, 1998; Johnston and Romzek, 1999; Behn, 2003; Haque, 1998; Laughlin and Pallot, 1998; Luder, 1998; Pollitt and Bouckaert, 2004). To quote Manning (2001, p. 310) “It [NPM] has undoubtedly left its mark”.

The second view on recent reforms in the public sector is that NPM related reforms have not been replaced by completely different reform directions, but rather been supplemented by additional reform paths resulting in more or less complex mixtures of public management reforms. Such mixtures were, for instance, reported for Norway. In 2006 Christensen and Lægreid reported that reform in Norway had become more complex in the previous decade. Apart from NPM related reforms, such as management by objectives, devolution and the use of market tools, they witnessed more attention for cultural management tools seen in knowledge-based management and ethical guidelines and team-based management. They conclude that (Christensen and Lægreid, 2006, p. 20) “The main picture is increased complexity. New reform tools have been added to existing measures. What we see is more supplementary reforms

than a process in which post-NPM reforms are replacing NPM reforms.” Læg Reid *et al.* (2008, p. 94) argued that: “Over the past decade, a second generation of administrative reforms with a post-NPM ‘flavor’ has emerged and supplemented the NPM reforms. Yet it remains unclear how the recently implemented post-NPM reforms – e.g. those focusing on whole-of-government issues, joined-up government, horizontal coordination, reassertion of the centre, culture and value-based management – have affected the autonomy and control of public organizations.”

The third view, which is becoming increasingly popular in Public Administration is that NPM-oriented reforms have been replaced by reforms with a rather different nature. This is seen in the theories on the Neo Weberian State (Pollitt, Drechsler), theories on reforms towards a so-called developmental state, an theories on reforms to achieve something like “good governance” (Kettl, 2002; Van Kersbergen and Van Waarden, 2004) and/or “network government” (Bourgon, 2007) and reforms aimed at Public Value pragmatism.

In these trends the varying focus on both the internal and external dimension of NPM are reflected. For instance, characteristic for the emergence of the Neo Weberian state is according to Drechsler (2005, p. 99-100) the combination of Weberian elements such as the reaffirmation of the role of the state as the main facilitator of solutions to the new problems, of representative democracy as the legitimating element within the state apparatus and of administrative law in preserving the basic principles pertaining to the citizen-state relationship and the preservation of the idea of a public service with a distinct status, culture, and terms and conditions, with “Neo” elements such as a shift from an internal orientation towards bureaucratic rules towards an external orientation towards meeting citizens’ needs and wishes, consultation with, and direct representation of, citizens’ views, a modernization of the relevant laws to encourage a greater orientation on the achievements of results rather than merely the correct following of procedure, and a professionalization of the public service. The same goes for ideas on the Developmental state. That there would be a trend towards such a state is said to be especially furthered in countries not quite belonging to the developed countries but still much further in their socio-economic development than low-income developing countries. The developmental state is a state, which is different from the neo-liberal state as well as from the all encompassing state and this has primarily to do with its priorities. Bagchi sees the developmental state as a state that puts economic development as the top priority of governmental policy and is able to design effective instruments to promote this goal. The instruments would include the forging of new formal institutions, the weaving of formal and informal networks of collaboration among the citizens and officials and the utilization of new opportunities for trade and profitable production. Castells argues that “The developmental state establishes as its principle of legitimacy its ability to promote sustained development, understanding by development the steady high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy” (Castells, 1992, p. 55). Recently Marwala (2009) described the developmental state as different from the hollow state and the model of neo-liberalism, because of its emphasis on market share over profit, of economic nationalism over globalism, of protection of domestic industry over foreign direct investments, of technology transfer instead of capital transfer, of a capable state apparatus over privatization, of corporatism instead of the strict divide between public

and private sector, of output legitimacy (effectiveness) over input legitimacy (efficiency) and of economic growth over political reform (Marwala, 2009).

Characteristic is an intertwinement of private and public money, an embeddedness of government in economy and society and the building of social capital in order to get a willingness to invest in the building of institutions that further economic development and to devote resources to improve social living conditions (education, health, sanitation et cetera). Hence, the developmental state model is not as much about making money, but primarily about making progress. "One needs a strong (hard) state (as opposed to the soft state) which in cooperation with, but if necessary without the market takes care of the socially needed institutions, out of the idea that the process of economic development is first and foremost to be seen as a process of expanding the capabilities of people" (whole phrase from Tshishonga and De Vries, 2011).

As to ideas of good governance these are based on the (re-)emerging notion of scholars and international organizations that government should do what it is supposed to do, that is at least to create security, protect property rights, reduce societal problems and take back its leading role in controlling and steering societal developments in at least these regards (See for instance the recent literature on failed states and nation building). However, scholars promoting good governance still seem to agree with Ella Fitzgerald that "T' ain't What You Do It's the Way That You Do It". The way governments conduct their business can be good or bad and that makes the difference according to many scholars (see a/o Kaufmann). Kettle argues that governance is about the links between government and its broader environment and governments' changing role in society. Governance in this way is interpreted as a shift in the conduct of government.

Governments should act according to the criteria of good governance. The UNDP sees five good governance principles, namely legitimacy and voice (including participation and consensus orientation), direction (including strategic vision) performance (including responsiveness, effectiveness and efficiency) accountability (including transparency) and fairness (including equity and rule of law). The World Bank has given six dimensions to the concept, namely: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption (Faqs provided by World Bank) and the EU sees as characteristic for Good Governance a government's reliability, predictability, coherence; its openness and transparency; its accountability and responsibility; its professionalism; the extent of participation; and its effectiveness.

If government would proceed in this way and improve itself as much as possible on these dimensions this is supposed to be sufficient for eradicating societal problems.

Since 1995 many aspects and dimensions were added to the concept of governance. In this sense the concept has become "slippery" (Kettl, 2002, p 119). How slippery can, among others, be seen in the much quoted article by Van Kersbergen and Van Waarden (2004) who depicted the study in Governance as "a veritable growth industry" although also as a possible bridge between disciplines.

On the basis of the above one can hypothesize that reforms in the public sector are nowadays of a very different nature than say ten to twenty years ago, that is, different from the basic principles of NPM or at least no longer solely dominated by this paradigm.

Conclusion

Our main question was: What has remained of NPM and what is the role of NPM tools in public administration today? Our main hypothesis stated: Reforms in the public sector are nowadays of a very different nature than say ten to twenty years ago; different from the basic principles of NPM or at least no longer solely dominated by this paradigm.

The recent literature provides evidence that such hypotheses may not be too far from the reality of reforms in public administration systems today. Many authors speak about: “Adieu NPM” (as summarized in the introductory chapter). Our preliminary conclusion is that “Adieu NPM” has to be still be conceived with some sense of relativity. Ideas that try to model modern public administration systems based on a minimal state, outsourcing all public duties to privatized markets and constantly aiming for more market type mechanisms in the public sector principles are for sure “passé” for most if not all public sectors in the world.

Privatization delivered in some cases, in others not, the same is valid for other tools like performance management and less public expenditures in relation to GDP may but does not necessarily supports sustainable growth. Market forces (free market) are today, according to our opinion, the best mechanisms for regulating economic relations in competitive environments, with the clear necessity of an existing rule of law in force (and able to minimize corruptive actions). However, economy is only one dimension of the human existence and moreover, even though they like to create such an image, many industries are not sufficiently competitive.

There is a lot of discussion about the purposes of the current global crisis – providing “market failure” and “government failure” arguments. Where is the truth? Somewhere in the middle? In any case, current global experiences indicate that the role of the state in the modern society is not diminishing anymore, and in the light of this discussion, might be said to have been diminished too much with the already in many states visible increase of state involvement.

With the respect to all arguments above, we may conclude with regards to our research question and hypothesis: It is possible to say “Adieu NPM” in as far as the ideology of minimum state and privatization as an ideology are concerned. Nonetheless, many NPM based tools and instruments are still used and optimized in order to support process improvements. Internally governments are still trying to optimize their internal workings. They do this by many different patterns, at least partly diverging from of the ideas of NPM, which in itself showed significant shortcomings, although the emphasis therein seems to shift from increased efficiency to improved effectiveness. On the external side, regarding state-market relations the chapters in this book are indicative for the conclusion that a shift is indeed visible from emphasizing minimal government (NPM) into a trend towards good governance. Government is not yet completely back, but the first – still divergent – steps into this direction are visible.

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