
James R. Thompsona, Fred Thompsonb,∗

aCollege of Urban Planning and Public Affairs (MC 278), University of Illinois–Chicago, 412 South Peoria Street, Chicago, IL 60607-7064, USA
bAtkinson Graduate School of Management, Willamette University, 900 State Street, Salem, OR 97301, USA

Received 28 December 2000; received in revised form 16 January 2001; accepted 25 February 2001

Abstract

This study reports the answers given by leading scholars of public administration in the United States to the following questions:

- Will restructuring of public services persist? Will this mean further use of market-like mechanisms? Greater organizational and spatial decentralization?
- Will public services continue to follow the lead of business in formulating their purposes, measuring efforts and accomplishments, and conducting operations, especially the emphasis on service quality and customer satisfaction?
- Will the NPM reform agenda of the last decade be a transient phenomenon? Or, will it come to be regarded as something ended in the late 1990s?

The expert panel was also asked to assess the degree to which the public sector reforms promoted by Al Gore’s National Performance Review were embraced by the federal government and to forecast future trends. Finally, the panel was asked to evaluate the individual components of Gore’s NPM reform agenda.

☆ This research was supported by the PriceWaterhouseCoopers Endowment for the Business of Government. We wish to thank Purnima Renjen for creating the Access database used in this research and for collecting the data and Ryan Josephson who performed the statistical analysis reported herein. Thanks also to Professor Mike Hand and Jim Kephart for advice on use of IT and statistical design and Gary Klein for bibliographical assistance.

* Corresponding author. Tel.: +1-503-370-6228; fax: +1-503-370-3011.
E-mail address: fthompso@willamette.edu (F. Thompson).
The 1990s were the decade of the New Public Management (NPM), a movement that featured reinventing government in the United States and similar public sector reform (PSR) programs in other developed countries. According to Christopher Pollitt (1993, 180), the NPM reflected a set of prescriptions, borrowed primarily from the literature of business administration, calling for more managerial freedom to use resources, a focus on results rather than inputs, and greater reliance on the private sector for service delivery. Contemporary public sector reformers emphasize:

- A bold use of market-like mechanisms for those parts of the public sector that cannot be transferred directly into private ownership;
- Intensified organizational and spatial decentralization of the management and delivery of services;
- A constant rhetorical emphasis on the need to improve service quality;
- An equally relentless emphasis on customer satisfaction.

This research is intended to look forward, anticipating trends in PSR over the next decade. It is intended to help answer the following questions:

- Will restructuring of public services persist? Will this mean further use of market-like mechanisms? Greater organizational and spatial decentralization?
- Will public services continue to follow the lead of business in formulating their purposes, measuring efforts and accomplishments, and conducting operations, especially the emphasis on service quality and customer satisfaction?
- Will the NPM reform agenda of the last decade be a transient phenomenon? Or, will we come to regard it as something ended in the late 1990s?

These questions are especially pertinent at this time given the outcome of the 2000 election. Al Gore was the recognized champion of the NPM reform agenda in America, and, in many cases, abroad. George W. Bush must now design his own PSR program and an implementation strategy tailored to the nature of the changes sought.

We have turned to the leading scholars of public administration in the United States for answers and advice on these issues. We asked them to evaluate the degree to which the public sector reforms promoted by Al Gore’s National Performance Review (later the National Partnership for Reinventing Government) have been embraced by the federal government and to forecast future trends. We also asked them to assess the intrinsic merits of the individual components of Gore’s NPM reform agenda.

It is true that scholars of public administration have often missed the boat, recognizing broad trends only after they were well entrenched and entirely overlooking specific initiatives, which have often come and gone without comment. Nevertheless, we believe that people are almost always smarter and more prescient collectively than they are individually. We are inclined to believe that this fundamental attribute of social intelligence must apply to scholars and researchers as well.
HOW WE FRAMED OUR SAMPLE
To identify the leading public administration scholars in the United States, we turned first to the editorial boards of Public Administration Review, Administration and Society, Governance, and the Journal of Public Administration Research and Theory, and then to the members of the Commission on Peer Review and Accreditation of the National Association of Schools of Public Affairs and Administration. From this list we eliminated nonacademics and scholars located outside the United States. Next we obtained e-mail addresses for the first 100 names on our list and, starting from the top, proceeded to ask each of them to participate in our on-line survey. We persisted until 50 consented to participate. Subsequently, the actual number participating was 44—four more than the minimum needed for statistical purposes.
One problem with this approach is that it excluded scholars who are uncomfortable with the internet and the worldwide web. It hadn’t occurred to us that this might be problematic. We had assumed that at this time all scholars would be familiar and comfortable with the net. That proved not to be the case. Unfortunately, it is possible that restricting our sample to the net literate may have biased our results (see below for an investigation of this issue). That would be the case if net literate scholars were generally more likely to favor innovation than their nonliterate counterparts.

1. Results: round one
Frankly, we were surprised by the results of our first on-line survey. In the past ten years PSR in general and NPM in particular have received a lot of attention in the scholarly literature of public administration. For example, twelve of the 25 most frequently cited articles in the field’s leading journals were about PSR (Carroll, 1995; Gore, 1994; Moe & Gilmour, 1995; Moe, 1994; Cochrane, 1991; Hoggett, 1996; Hood, 1991; Aucoin, 1990; Atkinson, 1992; Castles, 1992; Scott, Bushnell & Sallee, 1990). In fact, the field’s most cited article during this period was easily Christopher Hood’s “A Public Management for all Seasons?” (1991). This piece, which first announced the advent of a New Public Management, has been cited 145 times—three times as often as its closest follower—Ron Moe’s “The Reinventing Government Exercise—Misinterpreting the Problem, Misjudging the Consequences” (1994). However, the vast majority of articles have been skeptical, if not necessarily hostile. For example, only four of the twelve articles cited above could be interpreted as pro-NPM—Gore, 1994; Hoggett, 1996; Aucoin, 1990; and Scott, Bushnell & Sallee, 1990. The weight of anti-NPM opinion is especially evident in mainstream public administration journals based in the United States. Looking only at Public Administration Review, for example, one would have to conclude that the field was solidly arrayed against the NPM reform agenda.
That is not what we found. On balance the participants in our survey support the NPM reform agenda. At least, they support the version formulated by Al Gore’s National Performance Review (NPR). However, not all the individual components of Gore’s NPM reform
agenda are given equal support. Forty percentage of the proposals are universally applauded. Pros outnumber cons in the next 45% of the cases, for the most part heavily, although there are some consistent skeptics. Finally, there is a remainder to which a majority demurs, although these proposals have their fans too.

Table 1 shows the 36 components of Gore’s NPM reform agenda that we identified from the key NPR publications.²

In the next three sections of this article we look at three classes of PSR: those supported by all of the respondents, those rejected by a majority, and those supported by a majority but by no means all of our expert panelists.

1.1. The good

Our expert panel *unambiguously* supports the following items on Gore NPM agenda:

- A human resource philosophy that treats employees as strategic assets.
- Involvement of front-line employees in the design of work practices.
- An organizational culture that encourages innovation.
- An organizational culture that places a priority on high quality service.
- Coordination of service delivery across agencies.
- Radical redesign/reengineering of work processes around information technology.
- Experimentation by midand lower-level managers with service delivery.
- Authorization by Congress for agencies to retain a portion of unspent funds.
- Delegation of authority over expenditures including the ability to shift funds between accounts and expenditure categories to the lowest feasible operational level.
- Increased flexibility for line management in the procurement of goods and services.
- Delegation of authority to hire, promote, set pay, and classify jobs to the lowest feasible operational level; delegation to agencies of key human resource functions (recruitment, examination, rewards).
- Replacement of *ex ante* (compliance with rules) controls with *ex post* (rewards based on efforts and accomplishments) enforcement mechanisms.

In these areas, reinvention has had some success. Over 300 Reinvention Laboratories throughout the federal government were freed from administrative rules and regulations to experiment with new ways of doing the public’s business, improving work practices, and increasing customer service, quality and convenience (Green, Jones, & Thompson, 2000; Ingraham, Thompson & Sanders, 1998; Thompson, 1999, 2000a) As a result of these efforts, the Social Security Administration has become an internationally recognized benchmark for customer service. The Internal Revenue Service’s Telefile program now allows millions of Americans to file their tax forms electronically. The National Park Service’s new ParkNet Web site provides up-to-date information about campsite availability and allows customers to make reservations over the Internet.

For the most part our panel believes that the federal government has entertained information technology on a fairly wide scale. They predict that it will be thoroughly embraced in time. Nevertheless, the transition has not been easy or straightforward.
Table 1
Expert support for the NPR agenda

Challenges to the orthodox principles of administration
1. A human resource philosophy that treats employees as strategic assets and that emphasizes their training and development.
2. Flat organizations with few hierarchical layers, reduced supervisor–employee ratios (i.e., increased span of control).
3. Involvement of front-line employees in the design of work practices.
4. Self-managed teams comprised of front-line personnel.
5. An organizational culture that rewards and encourages innovative behavior.
6. An organizational culture that places a priority on high quality service.
7. Coordination of service delivery across agencies so as to provide clients/citizens with opportunities for one-stop shopping.
8. Electronic service delivery.
9. Radical redesign/reengineering of work processes around information technology.
10. Ratcheting down numbers of full-time federal employees.

The Marketization of the Federal Government
1. Making customer satisfaction a strategic priority for federal agencies.
2. Elimination of internal service monopolies/the competitive provision of administrative services.
3. A separation of the service and enforcement function of central staff units with the service function made contestable.
4. Contracting out of non-core agency functions.
5. Contracting out of core agency functions.
6. Conversion of departments/agencies/units to alternative organizational forms (i.e., performance-based organizations, government corporations, employee-stock-ownership plans).
7. Use of performance-based budgets and greater use of revolving funds (i.e., responsibility budgeting and transfer pricing arrangements).
8. Linking of measures of customer satisfaction to management rewards.
9. Putting a significant portion of employee compensation at risk based on individual or organizational performance criteria.
10. Segmenting the federal workforce into groups with varying levels of protections, benefits, pay.

Decentralization and Devolution of Power/Authority
1. Development of mechanisms (customer service standards, citizen charters) whereby citizens/clients can hold agencies accountable for service quality.
2. Devolution of existing federal functions to state and local jurisdictions.
3. Experimentation by mid- and lower-level managers as a means of identifying alternative and improved means of service delivery.
4. Authorization by Congress for agencies to retain a portion of unspent funds.
5. Delegation of authority over expenditures including the ability to shift funds between accounts and expenditure categories to the lowest feasible operational level.
6. Elimination of FTE controls (i.e., personnel ceilings) at the agency and sub-agency levels.
7. Increased flexibility for line management in the procurement of goods and services.
8. Delegation of personnel authority (hiring, promotion, pay, classification) to the lowest feasible operational level; delegation by Office of Personnel Management to agencies of key human resource functions (recruitment, examination, rewards).
9. Granting to agencies of the authority to create agency-specific classification and compensation systems incorporating additional flexibility for line managers.
10. The use of performance measures (including financial performance measures) as a primary means of external (Congressional) accountability.
11. The use of performance measures as a primary means of intra-agency accountability.
12. Replacement of ex ante (compliance with rules) controls with ex post (rewards based on efforts and accomplishments) enforcement mechanisms.

(continued on next page)
One of the key problems facing organizations that seek to be priority-based learning agencies is getting the right information to the right decision makers in a timely way using an understandable format. This is typically not done, and especially not to the extent that states like Minnesota have been able to link IT strategy to program strategy.

We are in the midst of what will be sweeping changes in the way we work in numerous sectors, and government agencies are probably slower in responding to new work practices in relation to new information systems than other organizations in the third sector of for profit sectors.

Our panelists are also enthusiastic about customer service and service quality. This observation may be somewhat surprising given the strong criticism of the idea of treating citizens like customers often seen in the public administration literature in the United States. Indeed, in their comments several of our panelists expressed reservations about this locution, noting that, where federal activities are concerned, it is often hard to say who the customer is.

Defining customers is difficult. Also, when the customers do not pay for service, they are not the only groups whose satisfactions should be taken into account.

The big question is: “Who is the customer?” In cleaning up the air, is the customer the polluter (whom EPA works with), or the person who breathes cleaner air?

But all of the participants endorse the values of service quality, convenience, and responsiveness. Their concern for customer service is clearly evidenced in their comments with respect to one-stop shopping.

This is a critical problem. Jurisdictional boundaries do not comport with complex public problems. Parts of organizations must interact with parts of other organizations—and increasingly across the public, private, and nonprofit sectors—but statutory, regulatory, and grant rules/regulations/operating procedures get in the way of coordination.

The problem here is that most human services aren’t delivered directly by the federal government. The federal government has to rely on third parties to do the integrating of services. I think much more of this will occur but it will be federal contractors that will be doing the integrating.

I’ve noticed improved coordination of service delivery across intra-agency programs, such as the SBA. However, I see little evidence for the next, and more difficult, level of interagency service provision coordination.

Many opportunities exist for field agencies providing related or complementary services, for example, Forest Service, Park Service, and Bureau of Land Management. Especially for common offices, information and interpretation, field inventory and assessment, common geographic information systems.

---

Table 1 (continued)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13.</td>
<td>Reduction in the proportion of personnel performing control functions (budget, personnel, procurement, legal, audit, inspectors general).</td>
</tr>
<tr>
<td>14.</td>
<td>The expanded use of performance-based organizations whereby the organization head is provided a multi-year contract stipulating performance results that are to be achieved, along with increased operational, budget, personnel and procurement authority.</td>
</tr>
<tr>
<td>15.</td>
<td>The formal sharing of managerial authority with employee unions (i.e., partnership).</td>
</tr>
<tr>
<td>16.</td>
<td>An emphasis by regulatory authorities on encouraging compliance rather than enforcement.</td>
</tr>
</tbody>
</table>
This is a place where the decentralization and fragmentation of the federal government tends to work to the disadvantage of citizens. I think that the Gore REGO effort has focused attention here, as is appropriate.

Nothing could be more important, but cooperation between agencies is even more difficult than public-private partnerships.

In contrast, there was little or no consensus about basing rewards on customer satisfaction. Some expressed skepticism:

Very hard to do appropriately, without creating incentives for pathological behavior.

This is not practical. Welfare recipients will not be highly satisfied when they lose benefits, yet managers are expected to decrease beneficiaries within specified time periods. So, to do one’s job is to create customer dissatisfaction.

Others thought it a good idea, but not politically feasible:

Good idea, but incentive pay is a political and public relations nightmare.

Unfortunately, very dangerous. In doing their jobs well, top managers can upset special interests or members of Congress.

Finally, one of our panelists asserted that:

It should be done, but on a team and not an individual basis.

The point is that our panelists like service quality, convenience, and responsiveness; they are not necessarily opposed to incentives. Instead, they tend to see incentives as supplementary to sound human-resource management practices, which are well aligned with organizational missions and strategies. Given the current state of federal administrative arrangements, they seem to feel that stronger incentives are likely to do more harm than good. This isn’t an argument against incentives; it’s an argument for high-commitment, human-resource management practices and well formulated organizational missions and strategies. As Hal Rainey and Barry Bozeman (2000) observe, based upon a comprehensive assessment of the evidence:

One might expect civil servants to place less value on money and more on public service. The dominant tendency in civil service reform and personnel reforms have emphasized precisely the opposite priorities. Civil service and personnel reforms in the U.S. and other nations have often emphasized pay for performance programs and streamlining the procedures for firing employees. These emphases have spread through governments at all levels in the United States in spite of very little success, and in spite of their running contrary to much of contemporary thinking in the literature on management and organizations about how one truly motivates employees.

They have spread, as well, in spite of the studies cited above that show no clear evidence of a problem with motivation and effort among public employees (or at least one that would be improved by mimicking the private sector), especially one that results from constraints on firing employees or on connecting their pay to performance ratings.

The following comments are wholly consistent with this observation.

In land management agencies, high quality service is the result of personal devotion of employees. This is related to their personal sense of the noble mission of the agency.
Regrettably, management does not reward this, but takes advantage of it, with underpay, poor working conditions and low recognition.

Agencies do not generally treat their employees as their most important and valuable resources. And employees recognize this.

As the covenant of life-long employment has broken down in both public and private organizations, a new covenant has to be established. That new covenant should be one of guaranteeing employability, not employment. The introduction of performance contracts and incentive pay could help overcome the reluctance of citizens to invest in public employees. This approach is also consistent with changes in career choices and options for public administration/policy students coming out of top schools.

Our panelists observe relatively little in the way of fundamental philosophical and cultural change in the federal government as a result of Gore’s NPM agenda, and, despite their belief in the desirability of such change, they are somewhat pessimistic about its likelihood.

With downward pressures on bureaucracy, reduced hierarchy coupled with info technology, and increased use of public-private partnerships/networks, this is the wave of the future. However, just as the hierarchy was overused in the past practice, some places where more supervision is needed it won’t be provided. These issues are situational and should be determined through an analysis of management needs in each setting.

Despite the rhetoric, most federal agencies remain very hierarchical. Congress is generally opposed to any decentralization of authority in federal agencies, except when it benefits their district.

Excellent opportunities to use the wisdom of people doing the job, but managers have to be serious and use their suggestions—or risk losing their [employee’s] support and reducing morale.

Based on their comments, it appears that many believe that thoroughgoing philosophical and cultural change in the federal government remains hostage to existing civil service laws, procurement rules, and budgeting systems.

For example, our experts emphatically endorse the notion that agencies should be authorized to retain a portion of unspent funds.

One of the most important imaginable reforms in federal budgeting.

Would save money and improve efficiency and morale.

Have this for BLM; works well. Reduced frantic end-of-year spending, and encourages thrift if agency and the responsible manager get part of the savings.

They also believe that line managers should be authorized to shift funds between accounts and expenditure categories. 3

If we are serious about giving responsibility to managers, then we ought to give them authority to manage.

Can’t hold people accountable for results and tie their hands behind their backs.

In general, this is a good idea, but it has to be viewed in the larger picture of the outcomes that the agency produces with this flexibility (e.g., the impact on equity and the quality of the goods or services ultimately produced). Still, it’s a step in the right direction usually.

In the same vein, the experts unanimously support increased flexibility for line management in the procurement of goods and services and in the hiring, promoting, compensating,
and terminating of employees. However, as is the case with the delegation of transfer authority, support for these concepts is somewhat qualified.

On the one hand I think that personnel discretion is best practiced near the level of immediate supervision. However, I also fear that decentralizing personnel decisions makes it all the more difficult to control against discrimination in personnel decisions. Thus, I am somewhat conflicted here.

The panel concluded on average that the federal government has made little progress in reforming these basic systems, especially civil service laws, procurement rules, and budgeting systems.4 While the panel fully endorses Gore’s NPM agenda with respect to deregulation of personnel, purchasing, and financial practices, most seem to agree with Rainey and Bozeman’s (2000) conclusion with respect to the NPR’s achievement’s in these areas.

The panel concluded on average that the federal government has made little progress in reforming these basic systems, especially civil service laws, procurement rules, and budgeting systems.4 While the panel fully endorses Gore’s NPM agenda with respect to deregulation of personnel, purchasing, and financial practices, most seem to agree with Rainey and Bozeman’s (2000) conclusion with respect to the NPR’s achievement’s in these areas.

The National Performance Review in the U.S. has recently taken some initiatives that depart from historical trends such as the effort to involve employees in the reforms and to remove “red tape” that frustrates employees. The results of the NPR are still in doubt, and only time will tell us whether NPR reforms will be significantly different from previous efforts. In all likelihood, impacts will be attenuated by the fact that the NPR is shot full of contradictory priorities, such as reductions of the federal workforce.

Despite the apparent consensus that Gore’s proposals for overhauling administrative rules generally did not go very far, the panelists remain guardedly enthusiastic about the reform of these basic systems.

According to Rainey and Bozeman (2000), government’s rigid personnel, purchasing, and budgeting and accounting rules represent the biggest single difference between managing in the public sector and managing in the private sector. They note that “Very large surveys of federal employees find that a high percentage of [government] managers and executives say that they do not have enough authority to remove, hire, promote, and determine the pay of their employees. Most respondents also feel that personnel and budgeting rules create obstacles to productivity.” Mitigating these rules would go along way toward erasing this difference.

1.2. The bad

Our expert panelists were, on average, critical of the following items from the Gore NPM agenda:

- Ratcheting down numbers of full-time federal employees.
- Contracting out of noncore agency functions.
- Contracting out of core agency functions.
- Segmenting the federal workforce into groups with varying levels of protections, benefits, and pay.
- Devolution of existing federal functions to state and local jurisdictions.

However, even these items had supporters among our experts. Only the first item had a mean score greater than five (5.06) on a seven-point scale. The second and fourth items were 4.12 and 4.3 respectively, where a score of 4 would imply that current usage is just about
right. Moreover, while most of the experts believe that agencies should not out-source core functions, they also agree that federal agencies rarely do so, which is perhaps somewhat reassuring.

Our expert panelists were firmly critical of the NPR’s downsizing of the federal workforce. The following comments show the apparent flavor of their concern is this area.

Most of the downsizing has occurred at DOD given the end of the Cold War. Where it has happened, it has typically not been done strategically (i.e., linked to mission) and has been driven (unfortunately) by a focus on numbers rather than accomplishment of agency purposes.

No real strategic planning behind the effort.

I especially disagree with the ill-conceived way cuts were undertaken. Many of the wrong people left government.

This has usually meant replacing federal employees with contractors, with a loss of direct accountability and public service motivation.

In many agencies downsizing has reached the point of costing rather than saving.

Downsizing is done not because there are too many federal employees, but to make political points with an unsuspecting public. It’s a competition between the Administration and the Congress to look fiscally prudent, with little regard for actual needs. Unthinking reductions have seriously hurt services and demoralized employees.

A shell game. Government staff size is a linear function of the functions it performs and its activity levels. In the defense area, staff levels have dropped along with activity levels, although not in any coherent or principled manner. Instead, cuts have come where individuals were voluntarily willing to leave government, where they were in the wrong place, or where they simply lacked seniority. They have rarely focused on job performance. In most areas government has had to replace public employees with contractors, often at a much higher cost, in order to get needed work done. Who are we kidding, anyway?

Our expert panelists were somewhat ambivalent about contracting out government functions. Most supported the concept, where appropriate, but tended to be critical of its execution. Others were skeptical, however.

Basically a good idea but requires skilled management.

Contracting out and other means of cutting down the number of federal employees will backfire without greater attention to training high-level executives in managing contracts.

This can be a good practice if those managing the contracting have enough knowledge and information to tell if a good job is being done.

Contracting out has not been done strategically, but mostly driven by the need to produce the perception of downsizing and to move items off budget. Also, whether we need more contracting or not depends on our willingness to invest in monitoring capabilities, which have been woeful.

Contracting out is a major mistake.

Based upon their written comments it appears that many of our experts believed that core functions meant inherently governmental functions, which they insisted should never be out-sourced.

Core government functions can be contracted out at great risk—these risks have not been adequately considered, in my view.
Keeping core activities is essential to carrying out mission. Contracting out for core functions is a bigger mistake than for noncore functions. Government needs to continue to be the fiduciary of the public trust and the caregiver of last resort. These functions are not money-making activities.

The minority on the other side seemed to interpret the phrase “core function” differently. As one respondent put it, “if the function is currently being performed satisfactorily in the private sector it should be competed.” The second usage seems closer to Gore’s NPM agenda than the first. It is hard to justify the notion that inherently governmental functions should be out-sourced, but one can see how it might be concluded that government agencies should shed functions that other organizations perform better.

The ambivalence shown by our experts to contracting extends to devolution of federal functions to state and local governments. Many of our experts would like to see more devolution, but are critical of the way it has been done and dubious that it can be done any better. Others appear to believe that devolution threatens important public values and are categorically opposed to its extension.

Much has been done over the past eight years. . . . The pace is reasonable and should continue.

States and local governments can do some things “better” than the federal government, but not everything. Governments closer to the people are often more easily captured by special interests.

Again, it all depends. . . . We are getting a sense that the federal government can do certain things very well (e.g., big infrastructure projects, building a floor for equity, civil rights, individual income transfers, and, obviously, national defense). We also know that it is not particularly adept at dealing with many of today’s most pressing problems (viz., the social and moral infrastructure), and that those closest to these problems are more likely to be effective in dealing with them.

We have not taken the time to sort jurisdictional roles out in any meaningful way. . . . We have not had a debate over the last decade about what the feds can do and do well and appropriately and what the states and local governments should do. . . . This might be too much to hope for given the political and monetary stakes involved.

There should be a philosophical basis for what elements should be devolved.

I’m prone to think that devolution’s policy and administrative resurgence has been wildly overdone, to the harm of the public interest. It seems to be the result of a funny convergence of forces—Reaganism, Clinton’s triangulation, and the predilection of the Supreme Court’s majority to favor something that looks a lot like dual federalism. Adding yeast to all this is the striking, but probably temporary, strong fiscal situation of the states.

Devolution has been carried out in recent years for all the wrong reasons, often for the convenience of businesses. It has created all kinds of havoc. For many government functions, consistency across states is essential.

A majority of the experts believe that ratcheting down, contracting out noncore functions, and devolution of federal functions to state and local governments are all widely practiced if not nearly universal. This is a necessary view given the conclusion that these practices are overemployed, although it is one that is not obviously a matter of fact.
1.3. The ugly

There is a final group of practices that are on average supported by our panelists, but in many instances not by much. Even supporters often express some reservations about these items. This is especially true of administrative practices that would give managers greater flexibility to manage but hold them accountable for financial performance.

Nevertheless, it would be a mistake to interpret reservations as disapproval. The comments of our panelists about Performance Based Organizations (PBOs) illustrate this point.

This is an experiment that ought to be tried more widely.

PBO’s are a very good idea—would like to see Congress authorize more of them.

PBOs should only be established in special circumstances and that has been their history. This has not been done nearly enough. Gore’s efforts to create Performance Based Organizations (PBOs) like the Next Steps program in Britain has faced tremendous opposition. We need to utilize PBOs whenever possible, but realize that empowerment (freedom from traditional budget constraints, etc.) must occur along with a strategy of linking budgets/revenues to consequences.

The US does not have a tradition of government corporations. PBOs will take some getting used to. Also, it is not clear what their value would be. Level of competition is generally the efficiency issue, not type of ownership structure.

Moreover, unfamiliarity with the concepts in question may explain some of the reservations expressed. For example, few if any of our respondents seemed to understand the logic of responsibility or performance budgeting and accounting, how supporting units can be linked to mission centers via transfer prices, or their managers’ evaluated in terms financial performance (see Jones & Thompson, 1999). This item elicited considerable comment, but the comments weren’t pointed in a consistent direction.

Responsibility budgeting may make sense, but transfer pricing creates too much potential for suboptimal internal competition—not a good idea.

Use of responsibility budgets and transfer prices depends upon the type of activity involved. Revolving funds should be used whenever it makes sense to do so (e.g., you should not put a compliance or regulatory agency on a revolving fund basis that depends on regulatee satisfaction). But there could be activities within even these types of agencies (motor pools, etc.) that would be amenable to these types of reforms. So do them as much as possible, realizing the perverse incentives they can create in certain instances, and stay away from using them there.

I don’t know what you mean by this. I assume that you mean agencies using performance information to inform the allocation and management of their resources, given flexibility provided to them by Congress and the White House. The best examples here are the Coast Guard and the Veterans Health Administration, in my view.

The question combines what should be two different questions. In addition, revolving funds in the federal context are not identical to (i.e., as good as) the revolving fund in best practice.

Expansion of working capital funds a good idea.

This is still very difficult to do in our separation of powers structure.

This could eliminate some barriers to reasonable management.

This is really two questions. Responsibility budgeting is widely practiced in the federal
government. I don’t know about transfer pricing, but I suspect that when the budget year ends, the revolving funds end and that no funds are available,\(^5\) although transfer of funds from one program to another is widely used.

We could try more experiments to see whether these would work, while addressing the concerns expressed earlier. The private sector concept of “alliances” would appear to be a promising possibility.

This is a pretty good idea. The best practice is not to force undue competition between agencies and private providers, but to have agencies compete with each other—e.g., USDA providing financial services to other departments.

This is, perhaps, the clearest example demonstrating that even the experts are not equally familiar with all of the items on NPR’s reform agenda.

A good example of dissensus in the face of understanding is the response to the item asking about formal sharing of managerial authority with employee unions. A majority of respondents favored strengthening labor-management partnerships, but not all.

Unions will continue to slip and unless management is really stupid, will continue to do so. Worker participation [in organizational decision making] should be direct and not through an intermediary.

Good progress here, but care must be taken to not turn over control to unions. (Some allege that has happened at IRS, for example.)

2. An assessment

Our on-line questionnaire arrayed the items more or less randomly. But for purposes of explaining the NPR proposals, we arrayed them as shown in Table 1. When we summarized our results by highlighting the items, two facts immediately jumped out at us. First, our experts are inclined to reject traditional public personnel practices in favor of high-commitment, human-resource management practices. This support is reflected in a surprisingly firm commitment to managerialism. Second, our experts are suspicious of the use of market-like mechanisms in the public sector. Support for marketization items ranged from tepid sustenance to moderately strong opposition.

Support for high-commitment, human-resource management practices (employment security, selective hiring, self-managed teams and decentralization, extensive training, reduction of status differences, sharing information, high and contingent compensation) is firmly grounded in the research literature. High-commitment practices result in greater innovation, adaptability, learning and skill development, customer service, productivity, and cost reduction, that is, performance. So too is the critique of conventional centralized civil service systems (merit-based systems to use the terminology favored by their adherents). Merit-based human-resource management practices tend to retard performance. Indeed, Jeffrey Pfeffer persuasively argues that the biggest payoff to the transformation of the New Zealand Post from a state agency to an independent performance-based organization resulted from its freedom to adopt high-commitment, human-resource management practices (1998, 125–128; 241–245; 279–81). That many of New Zealand’s PBOs have foundered while New Zealand Post has made itself into one the world’s most efficient logistics service organizations
suggests that he may well be right. Presumably, our experts support high-commitment, human-resource management because they are well acquainted with this evidentiary foundation.

The potential of market-like mechanisms to enhance organizational performance rests upon equally strong proof, however. And, while these mechanisms demand skilled and competent managers, their requirements for successful implementation are no more demanding than high-commitment, human-resource management’s. Consequently, we find our experts’ keen support for high-commitment, human-resource management and their suspicion of markets something of a mystery, the solution to which may say more about public administration’s culture than anything else (Ellis & Thompson, 1996).

We would hazard a guess that a more careful textual analysis would show that the opposition to NPM characteristic of the American public-administration literature is in fact primarily opposition to markets and marketlike mechanisms.

3. Results: round two

In the second round of our study we provided or respondents with median values for each item describing current practice on a seven-point scale ranging from “never used” to “practically universal.” We then asked them to predict future usage (in the year 2010) against that baseline on a seven-point scale ranging from “very much less” to “very much more” with “about the same” scored as four, under two possible states of nature: Al Gore’s election to the presidency and George Bush’s.

Remarkably, our panelists predicted similar or greater future usage on every single item regardless of the state of nature actually occurring! Evidently our experts endorse the notion that the New Public Management really is a public management for all seasons, to use Christopher Hood’s eloquent turn of phrase, albeit perhaps somewhat reluctantly. On two items our experts achieved near unanimity:

- Electronic service delivery.
- Radical redesign/reengineering of work processes around information technology.

One hundred percentage of our sample agreed that future usage would be much greater or very much greater, regardless of the outcome of the 2000 election.

As a matter of fact, our experts predicted about the same outcome on every item under both states of nature concerning the 2000 election. The results were significantly different (using a two sample t-test) for only three items.

- Ratcheting down numbers of full-time federal employees.
- The formal sharing of managerial authority with employee unions (i.e., partnership).
- Devolution of existing federal functions to state and local jurisdictions.

In the first two instances our panelists predicted greater usage under a Gore presidency. In the third instance they predicted greater usage under if Bush were elected. To investigate this issue further we pooled all of the items in each of our three categories and compared the Gore responses to the Bush responses. These three categories were:
- Decentralization and Devolution of Power/Authority
- Challenges to the orthodox principles of administration
- Marketization of Federal Government

In the first category of responses, Decentralization and Devolution of Power/Authority, we found no difference between the means of the two populations. Again, we used a two-tailed $t$-test; both ANOVA and a two-sample $z$-test suggested that the means of the two samples are, in fact, nearly identical, although, because the distributions are not normal, it would be improper to draw this inference. With respect to the category of items we called challenges to orthodox principles of administration, predicted usage was higher under a Gore presidency, but at nowhere near the 0.05 level, which is the usual standard for statistical significance. Using a two-sample $z$-test, however, we estimate that there is a better than 75% probability that the means are different.

These results contrast starkly with those obtained when we looked at the last of the three categories, what we have referred to as the Marketization of the Federal Government. Pooling responses to the items in this category and comparing the sample means of the Bush predictions to the Gore predictions, predicted usage was significantly higher under a Bush presidency than under a Gore presidency. The commonsensical interpretation of these results is that our sample of experts believes that Bush will be friendlier toward markets and marketlike mechanisms than would Gore. This prediction is moderately at odds with their own views, which are, as we have observed, somewhat suspicious of markets and marketlike mechanisms.

4. Are our results biased?

As we have noted, our panelists’ positive assessment of the NPM/NPR reform agenda surprised us. We expect that it will surprise most of the readers of this report. This raises the question of bias. While our sample frame probably cannot be faulted, nor can our procedures for drawing a sample from that frame, we may have biased the response in a variety of ways. In the first place, it seems plausible that public administrationists who are favorably disposed to the NPM/NPR reform agenda might be more likely to respond to a questionnaire about NPM/NPR reform efforts than those who are not. The use of a web-based questionnaire turned out to be a second plausible source of bias. Contrary to our expectations, many of the experts in our initial sample are not skilled web users. Consequently, early adopters evidently dominated our panel. Early adopters of technologies tend to like most practical innovations more than late adopters do (Rogers, 1962).

Of course, there is no conclusive way to determine whether our panel is biased. But it is possible to assess the degree to which bias may have affected our results. The standard procedure is to compare a questionnaire’s correlation matrix against the set of outcomes that would be randomly generated from a set of values with similar characteristics, in this instance, integers from one to seven. In that case, bias in the results would be indicated by a non-normal distribution of actual results.

The results of just such an assessment are shown in figures one and two. Fig. 1 compares
the correlation matrix of part A of our questionnaire, which asked our panelists to assess current practice with respect to the NPM/NPR reform agenda, with a set of randomly generated values. It shows that, using an Anderson-Darling normality test, our actual results are not significantly different from normal. This means that responses on one item do not predict responses on other items. Consequently, had our panel comprehended a different representation of experts, the results would have probably been about the same.

Fig. 2 compares the correlation matrix of part B of our questionnaire, which asked our panelists to evaluate the merits of the NPM/NPR reform agenda with a set of randomly generated values. In this case, however, our results are significantly different from normal. This means that responses on one item tend to predict responses on other items. In other words, public administrationists who like an element of the NPM/NPR reform agenda tend

![Figure 1. Expert bias in assessment of federal management reform.](image1)

![Figure 2. Expert bias regarding the desirability of the NPR agenda.](image2)
to like other elements as well; public administrationists who dislike an element of the NPM/NPR reform agenda tend to dislike other elements as well. Consequently, it seems likely that the composition of our expert panel may have biased our results. A different group of experts may have been on average somewhat less favorably inclined toward the NPM/NPR reform agenda than our panelists. Nevertheless, visual inspection confirms what the descriptive statistics show. The bias is not very great and certainly doesn’t dominate the reported results. Moreover, there is heavy concentration of items from the marketization area in the right-hand shoulder of the distribution. We have already noted the possibility that expert attitudes toward these items are strongly influenced by cultural values.

The bottom line is that our results may be somewhat skewed, but not enough to affect materially the conclusions to be drawn from them.

5. Conclusions and comments

Presidents undertake reform of the administrative machinery of the executive branch for a variety of reasons, both substantive and symbolic. Substantive reasons have included enhancing the capacity of the president to manage the bureaucracy, rationalizing the structure of government, and making career officials more responsive to political direction. Symbolically, reform proposals convey an association with the values of efficiency and economy as well as disapproval of (purported) bureaucratic waste, lethargy, and unresponsiveness.

Of interest are the suitability of reinvention nostrums as means of improving the operations and work processes of the federal government and the NPM/NPR reform agenda as a means to that end. Assessing this reform agenda is in many ways problematic; the scope of the reform program is broad, the rhetorical element is substantial, the underlying theory elusive. Some objectives are so broad and ambiguous as to deter other than tentative conclusions about outcomes.

These problems are daunting but not insurmountable, especially if we focus narrowly on the accomplishments of the NPR. A set of relationships linking component initiatives to objectives can be discerned. Success indicators are available. Surveys and analyses completed by various oversight groups over the past several years offer an overview of government-wide results (Thompson, 2000b).

Here it may be useful to talk about three levels of objectives of the NPR. First-order objectives include the downsizing of the federal workforce, a reduction in administrative costs, and the reform of the personnel, procurement and budgetary systems. Second-order objectives include decentralizing authority within agencies, empowering front line workers, and changing the culture of the federal bureaucracy. Curbing oversight by staff units, freeing managers from regulatory constraints, and encouraging worker involvement in work process management in turn, according to NPR/NPM logic, will improve the quality of service provided the American public and lead to more efficient service delivery methods. Ultimately, the objective is to increase public confidence in the federal government.

There is broad consensus among public administrationists that while some success has been achieved with regard to lower, first-order goals, only limited progress has been made toward critical, higher, second- and third-order reinvention objectives. Thus, downsizing and
cost reduction objectives have been substantially achieved and the partnership initiative appears to have met with some success, but there is no evidence of any significant, systemic improvement in quality of service or culture.

There is also consensus among public administrationists that the objectives of NPR would have been better served had its sponsors more closely tailored the implementation strategy to the nature of the changes sought.

The NPR report places major emphasis on the need to make the federal personnel system more flexible and to provide additional discretion in personnel matters to line managers. Soon after release of the report, the administration entered into discussions with both members of Congress and representatives of the large federal employee unions over civil service reform. Draft legislation that surfaced in 1995 included a number of provisions consistent with the recommendations included in the NPR report allowing agencies a great deal more discretion on matters such as classification and pay-setting. Ultimately however, union leaders decided that the cost of the bill in terms of enhanced managerial discretion outweighed the benefits and went on record expressing ardent opposition to the draft legislation, substantially ensuring its demise. Subsequent efforts to revise the bill failed due to an inability to reconcile differences between the Clinton administration, the employee unions and the Republican majority in Congress.

The NPR report urged that a portion of the savings from the downsizing initiative be directed toward investments in technology and training. However, none of the funds saved as a result of the downsizing or the other program initiatives were earmarked for these purposes. In fact, at President Clinton’s suggestion, the downsizing savings were used to fund the Omnibus Crime Control Act of 1994 which included provisions “to put 100,000 more police officers on our streets.”

The NPR underwent various ziggs and zags in strategic direction, most of which seemed to be influenced more by partisan concerns than substantive reasons. The last shift occurred in 1998 upon the appointment by Vice President Gore of a new staff person to head up NPR. The project was retitled “The National Partnership to Reinvent Government,” and a new emphasis was placed on initiatives that have high public visibility such as hassle-free zones in Dallas and Kansas City and the revamping of government blue pages in phone books around the country. The shift apparently reflected political considerations associated with the Vice President’s campaign for president (Kettl, 1998).

The premise set forth in the NPR Report was that the people who know government best—who know what works, what doesn’t, and how things ought to be changed, should be the ones driving the reform process. This approach had the advantage of giving those who had designed the reforms responsibility for implementation and it was consistent with the objective of moving to an empowered culture. As Kettl (1995) points out however, the downsizing element was inconsistent with the objective of inducing cooperation from federal employees. To the extent that employees perceived NPR as directed at reducing their numbers, it made widespread buy-in unlikely.

Thompson and Jones (1995) identify several contradictory elements within NPR that have impeded program effectiveness; making the needs of both employees and customers a priority, making middle managers both the beneficiaries of decentralization and the targets of personnel cuts, and emphasizing improved service and cost reductions without acknowledg-
edging that service improvements in many cases require increased costs. Other contradictory program elements identified by Thompson and Jones include:

- Downsizing impedes innovation
- Downsizing impedes employee buy-in
- Personnel caps impede decentralization
- Budget cuts mitigate the impact of decentralization
- Partnership constrains managerial discretion.

Several of the more glaring inconsistencies relate to mid and lower-level line managers who, according to the NPR report, were to be the among the primary beneficiaries of reinvention.

Where reinvention succeeded, reformers often prevailed despite shortcomings in program conceptualization and execution and despite structural obstacles. Many, for example, successfully motivated workers to perform within the strictures of existing civil service provisions. Apparent program defects such as those listed above, were even used to advantage by reinvention leaders. Some made use of the downsizing mandate to unfreeze the status quo and convince the rank-and-file of the need to change. Others took advantage of the ambiguities and contradictions inherent in reinvention doctrine in claiming license for agendas that were only loosely related to NPR (Thompson, 1999).

Apart from the reinvention lab program however, NPR’s strategies were not directed toward inducing leaders to come forward at subsidiary levels of the bureaucracy where the natural constituency for reinvention ideas exists. Sponsors also failed to address other contextual elements relevant to change management. The General Services Administration (GSA) appears to have effected substantial change as a consequence of the crisis it faced when proposals surfaced to privatize its core functions and reduce staff by about 90%. The GSA example suggests that prospects for successful outcomes on a government-wide basis might have improved had more agencies been confronted with draconian alternatives that forced more radical change.

Notes

1. As will be seen, their advice is similar to that offered to the President by America’s top executives, especially the emphasis on managing change, people, and technology (Schiro, 2000).

2. The original National Performance Review (NPR) report, From Red Tape to Results, was issued in September 1993, and it was accompanied by 33 reports that amplified and clarified the NPR vision. Taken together these reports total more than 1,900 pages and take up six inches on the bookshelf. They focus on changing the culture of the federal bureaucracy (Improving Customer Service, Creating Quality Leadership and Management, Transforming Organizational Structures, and Streamlining Management Control), reinventing processes and systems (Reinventing Human Services Management, Mission-Driven, Results-Oriented Budgeting, Improving Financial Management, Reinventing Federal Procurement, Rethinking Program Design, and Reengineering through Information Technology), restructuring relationships between the federal gov-
3. The significance of this notion, as well as the idea that agencies should be allowed to retain unspent funds, derives from the fact that federal budgeting and accounting is on an encumbrance basis, structured by object of expenditure category. Arguably, if federal budgeting and accounting were brought into alignment with commercial practice, as mandated by the Chief Financial Officers’ Act and the Government Performance and Results Act, these concerns would be moot. It is usually presumed that the main stumbling block to these reforms is that they would limit Congress’s ability to control where federal money goes and who gets it. However, as we see below, the experts are not sold on the application of commercial budget and accounting practices in the federal government.

4. A few of our panelists noted significant, constructive changes in the procurement area. For example, one observed: “Use of credit cards for most routine purchases and simplification of larger purchases are among of the best changes in federal management. Credit cards save lots of time and lots of money, and even show that we may trust managers and employees, just a little.” It should be noted that the General Accounting Office’s assessment of the NPR is considerably more upbeat than most scholarly assessments, even those of supporters. GAO reports that 90% of NPR’s key recommendations for reinventing government have been fully or partly implemented (GAO, 2000).

5. Actually neither statement is correct. To the best of our knowledge, no federal agency practices responsibility budgeting in a thoroughgoing manner. Both stock and industrial funds are accounted for on an accrual basis. The only time this issue arises is when a fund must seek contributions to its corpus to make up for operational losses.

6. Our experts are particularly skeptical of contracting-out. Yet the evidence is fairly conclusive that contracting out for services often produces substantial wage and benefit savings, helps organizations manage workload volatility, and provides access to specialized skills (Abraham & Taylor, 1996). According to Christopher M. Snyder, Robert P. Trost and R. Derek Trunkey, forthcoming, contracting out by the Department of Defense generated annual savings of $1.46 billion between 1978 and 1994. They estimate annual savings of $5.74 billion if privatization competitions were completed for all potentially eligible functions. Part of the problem with contracting out seems to be that federal acquisition procedures overemphasize wage and benefit savings, to the frequent detriment of service quality. Where construction services and the like are concerned, Davis-Bacon Act restrictions assure that these considerations will not dominate source selection decisions. No similar self-denying ordinances prevent over-weighting of wage and benefit savings where professional and technical services are concerned, although service quality considerations are likely to be especially consequential in those areas.

7. The Anderson-Darling normality test is a variant of the more familiar \( \chi^2 \) test appropriate for use with these kinds of data. The Anderson-Darling normality test takes the null hypothesis to be that the data are normal; the alternative hypothesis is that the data are not normal. A p-value less than the cut-value of 0.05 means that we reject the null
hypothesis, that is, we reject the hypothesis that the data are normal. This test is highly discriminating. For example, the standard normality test available on most statistical software packages, the Kolmogorov-Smirnov test, finds no difference between our results and a normal distribution. See D’Augostino and Stevens, 1986; Filliben, 1975; and Ryan and Joiner, 1976.

References


