Abstract
Even when NPM (New Public Management) was not fully implemented in continental Europe, it became clear that applying systematically performance driven market-type-mechanisms in the public sector was not really matching its administrative law framed system. Also, our future society and public sector will need a combined effort to ensure an inclusive service delivery, effective crises governance, and functional innovation. This will not be feasible with a pure market driven NPM, nor with a pure network driven NPG (New Public Governance). This contribution states that a neo-Weberian-State model has the capacity and the potential to deliver and ensure realizing the challenges for the future, following to the rule-of-law, in a democratic and inclusive way, from a ‘Whole of Government’ (WoG) perspective which is embedded in a ‘Whole of Society’ (WoS) context.

Keywords: public sector reform, New Public Management, New Weberian State.
1. Changing public sector reforms to change the public sector

In looking at reform histories, as complex trajectories and as public sector reform policies, a range of literatures become relevant to understand the past, and even more to anticipate the (possible) futures of trajectories and reforms. These futures cannot just be replications of the past, or extrapolations of current positions, but need a serious reflection of changing circumstances to avoid providing past solutions which do not fit the current and future problems (Bouckaert and Jann, 2020; Pollitt and Bouckaert, 2017).

Complexities should be recognized in reforming systems in their design, decision, implementation, and evaluation. This implies that the reform modeling is not just and simply one problem which has one solution, with a one-to-one direct and causal link between the problem and the solution. The level of wickedness of problems implies not just risks but even more uncertainties about elements, links, and status of variables. However, there is also wickedness of solutions which includes the ultimate objectives and goals, societal values, complexity of deliberation and decision making processes to define shared objectives, goals and (ideological) choices of instruments to realize ‘omega’ or visions for our Whole of Society (WoS) or Whole of Government (WoG).

In this sense, public sector reform is similar and more complex than the discipline of ‘clay pigeon shooting’ since all variables are moving, not just the clay, but also the hunter, the gun, and the atmosphere, just like problems, decision-making processes, ‘solutions’, and their implementation are moving simultaneously and in an interactive way.

In general, public sector reforms are directed to making systems more fit for purpose, now and in the future, even when ideological or political agendas may interfere or correlate with these reforms. In general, problems should trigger solutions, however, it is also the case that ‘solutions’ are triggering new problems. There are several reasons for this. First, not all ‘solutions’ are talking to ‘their’ problems. Some ‘problems’ are not really evidence based diagnoses, or generally accepted and shared ‘problems’ by all stakeholders. Also, in some cases, ‘solutions’ are copy-pasted from the past, or from other systems such as the private sector, or from culturally and politically very different systems. In this case the ‘solution’ is not answering the ‘problem’ and will cause new and other problems. Even when the potential causal link between problem and solution is clear and undisputed, it could be that implementing the ‘solution’ is a source of problems. The ‘solution’ is not timely, under-resourced, lacking leadership and co-ordination, or not focused on its target groups. Even when the problem-solution tandem is right and well implemented, it could go wrong when the ‘solution’ becomes such an objective by itself that it gets overstated and disconnected from the problem.

When, at the end of the 1970s there was a perceived lack of performance of the public sector, with a related deficit of responsibility and accountability, transparency, or firm control to get performance, the ‘solution’, according to NPM, was considered to be the creation of agencies with more autonomy, more specialization, and measurement of

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1 This article is based on Bouckaert (2023).
performance in a context of market-type-mechanisms for delivery. For some time, there was a belief that this would save and solve the problem of lack of performance.

However, this approach resulted in a situation where the solution turned into a problem. Dysfunctional autonomy resulted in a centrifugal movement of agencies which focused more on outputs than on outcomes, with considerable transaction costs to set up all ultimately and initially disconnected agencies which were not saved by performance measurement systems. Gaming became an issue for measurement and how it affected behavior, especially when contracts were getting very tangible.

These new problems were supposed to be solved by new or re-newed co-ordination mechanisms such as HTM (hierarchy type mechanisms), MTM (market type mechanisms), and NTM (network type mechanisms). This co-ordination could recreate effective policy capacity. Also, audit was becoming a panacea for problematic steering and control. For some time, there was a belief that this would save and solve the preceding problems.

However, these ‘solutions’ resulted in new problems such as pure re-centralisation for hierarchies, or private monopolies for markets, or symbolic, cosmetic and weak networks. Responding to audit weaknesses with more audits resulted in an ‘audit-tsunami’. Focusing on performance resulted in new red tape. Bringing in contracts, agreements, memorandums of understanding, or mandates within the public sector resulted in a new problem: organized distrust within the public sector.

These new problems were supposed to be solved by re-establishing trust, or to re-equilibrate performance based control systems with trust based control systems. This obviously needs a change of behavior and practices, which means to take a distance from the principles and agents type of interactions. Principal-agent theory is based on organized distrust within the public sector. Re-establishing trust implies re-framing the nature of these interactions within the public sector. Reconnecting to a Neo-Weberian State model could be a promising trajectory to re-establish relationships within the ‘Whole of Government’.

There are some lessons learned from these zigzag trajectories of change and reform. First, hierarchies remain very useful and indispensable to govern the public sector and its WoG, but also to steer and control the WoS. Markets are also useful, however, they are not applicable in all public sectors. MTM can be organized for certain production functions, but this is conditional to the structure of supply, of demand, and of the interaction of supply and demand. Networks are also useful and indispensable, however, to ensure that networks are not just ‘cosmetic’ and ‘nice to have’, it should be clear that functionality is monitored and organized. It requires an explicit reform policy to coordinate hierarchy, markets and networks, and to have an aligned set of mechanisms with tools and techniques. This applies to service delivery as such, but also to policy design (Bouckaert, Peters and Verhoest, 2022) where policies could be designed to facilitate policy coordination and service delivery using HTM, MTM, and NTM at levels of institutions, programmes, and processes.

Second, performance remains a central driving and guiding force for reform and change. However, functional reform for performance is also conditional and should be subject to a kind of cost-benefit-analysis. Focusing on performance also has a cost. Mea-
suring, incorporating, and using performance information takes time and money, and is therefore immediate and unconditional as a cost for a specific organization. However, the benefits of a performance system for better guidance and control, for improved learning, or for enhanced levels of accountability is conditional, not always immediate, and in many cases for other entities than those who pay for it. In general, there is a risk that costs are more visible than benefits, and perceived as higher. That implies that an explicit strategy is needed to control costs of performance systems, but even more, that an explicit policy is required to boost the benefits for guidance and control, for learning, and for accountability (Bouckaert, 2022a).

Third, for a long time, agencies or autonomous entities were considered indispensable because it resulted in defined responsibilities with sufficient control over resources to realize objectives. This resulted in a general unpacking of ministries, and as a consequence, an increase in the number of public sector organizations. Even when this autonomy resulted in better frames for responsibility and accountability for performance, also through internal performance contracts, the large number of organizations in certain policy fields resulted in an additional cost of coordination. In fact, in several countries, at one moment in time, the number of organizations decreased again through mergers or other organizational shifts which pushed for better coordination.

Fourth, since the public sector increasingly had a capacity problem to deliver services and make sufficient investments, a shift was triggered from public sector to public service. This implied that a range of partnerships, collaborations, or co-productions, with for-profit and with not-for-profit organizations became a solid element of lessons learned and future reform trajectories. This became an essential part of consolidating WoG within WoS. However, a crucial element was not to lose control in having services delivered, and in implementing policies.

These four clusters of lessons learned resulted in reconsidering and even abandoning NPM which was not fit for purpose anymore, as was its neo-liberal ideological framework. It becomes clear that a future WoG within a WoS not only needs to deliver ‘routine’ services to its population in an inclusive way, there is also a systemic requirement to prevent, contain or even solve expected and unexpected crises. To be able to combine both delivery and crises governance, there is a need to ensure re-inventing and re-innovate the public sector and its WoG, and to facilitate this for the WoS. Innovating possible futures will be necessary for this demanding combination of inclusive delivery and effective crises governance.

NPM is not able to ensure these three functions. NPM has focused on ‘doing more with less’. It also focused more on outputs of (single) organizations than on outcomes of organizational clusters in policy fields. ‘Economy’ and ‘efficiency’ always got more importance and attention than ‘effectiveness’; logics of ‘appropriateness’ were not so important compared to ‘logics of consequences’.

NPM with its dominant markets is not able to do this. NPG with its dominant networks is not able to do this. NWS, as the Neo-Weberian State with its hierarchies in combination with markets and networks could make this happen.
2. NWS: from a pure type to an effective reality
   (see also Bouckaert, 2022b, p. 18)

To move from an ideal type to reality, NWS needs to combine hierarchies (H) with markets (M) and networks (N), as Olson also confirms: ‘Bureaucratic organization is part of a repertoire of overlapping, supplementary, and competing forms coexisting in contemporary democracies, and so are market organization and network organization’ (Olson, 2006, p. 18). However, this NWS reality implies some essential features, even when there are significant variations between (continental European) countries. These fundamental core premises of the NWS ideal type are:

- A democratic state as a frame for governance and decision-making;
- The ‘rule of law’ as the supreme principle, which results in ‘hierarchy’ as a dominant organizing driver, which also leads to an open, accessible, participatory, affordable, transparent, sound and trustworthy ‘bureaucracy’ and public sector for all citizens;
- A responsible, accountable, and significant H, which also pro-actively directs M and N, following not just logics of consequences (for its performance), but also logics of appropriateness (which explicitly includes equity and inclusion). This includes pro-active interactions and (hierarchical) use of market and network mechanisms from a whole of government point of view, for a whole of society perspective with private for-profit, civil society not-for-profit and public sector actors.

This should result in a functional combination of (i) guaranteed and inclusive routine service delivery, combined with (ii) effective handling of chronic crises of governance and fueled by (iii) constant innovations for government and society. NWS is responsible and accountable for these three major systemic missions. In this context, there is space for improvement and upgrading of the Weberian system to NWS, to adjust to circumstances and to generate the capacity to solve or cope with major societal problems.

3. From NPM to NWS

In general, NPM as a market driven system, by itself, is not able to ensure these three objectives (service delivery, crises governance, and innovation) in a combined way, taking both consequences and appropriateness into account. Also, NPG as a network driven system, by itself, is not able to do so. However, NWS has the potential and conditions to do so.

3.1. From NPM to NWS: from logics of consequences to combining logics of consequences and logics of appropriateness
   (see also Bouckaert, 2023b, pp. 200–201)

In analyzing the shifting realities of the public sector and its reforms, monitoring could follow a double logic of consequences and appropriateness (March and Olson, 2011). Both logics drive actors and actions, also within the public sector and its reforms.

A logic of consequences focuses on a sequence of resources-processes-outputs-outcomes. The drive for individuals within organizations, but also for organizations as such,
is to allocate resources to activities to produce outputs and outcomes. On the other hand, the need to realize outcomes pushes to produce outputs and to acquire the necessary resources. This is a consequential drive for action which focuses on economy (input-input), efficiency (input-activity-output), effectiveness (output-outcome), and cost-effectiveness (input-outcome).

A logic of appropriateness focuses, within a legal systemic framework, on the relationship between actors and rules, as an interaction between actors and frames of rules, ethics, values, and tradition and culture. The whole set of rules, ethics, values, tradition, and culture drives (in)appropriate behavior of individuals (absence of fraud, ...), of organizations (transparency, a culture of citizen-orientedness, ...), and of their policies (inclusion, equity, fairness, ...).

Ideally, systems realize intended consequences, and realize these in an appropriate way. In reality, logics of consequences may not be optimal and result in diseconomies and waste of resources, in inefficiencies of produced outputs, and in ineffectiveness in realizing outcomes. In reality, logics of inappropriateness are emerging as corruption and fraud, violations of rules and values, or behavior which is incompatible with traditions and cultures. Even if in some cases the two logics may be in tension, ideally, these two logics could mutually reinforce one another to drive a well performing system, motivating its partners, and satisfying its citizens. This implies that there is an acceptance that the public sector is ultimately part of a solution for societal problems. Also, that it is possible to build capacity to solve problems, even if there is a sequence of solutions triggering new problems. Finally, that there is causality and effects can be attributed to measures taken. In general, there is a possibility to compare and to learn from these comparisons on how to organize a logic of consequences and a logic of appropriateness.

In general, in shifting from NPM to NWS, one is shifting from ignoring and neglecting inclusion and equity, to taking equity and inclusion actively into account. In general, NPM has been focusing on this logic of consequences, and hardly on a logic of appropriateness. Next generation governance will need an equilibrated and mutually reinforcing interaction of both logics, without which trust in public systems could not be maintained. NWS, with its legal and democratic base and its hierarchical drive, has the capacity to ensure this combined logic of consequences and appropriateness.

3.2. From NPM to NWS: not just governance, but also ensuring democratic governance
(see also Bouckaert, 2022)

A fundamental debate whether ‘good’ governance is with or without democracy is still pending, ideologically and academically. It is unfortunate that even within the European Union, there is a need to confirm and ensure democratic governance, also in times of crises. It is remarkable that OECD organized a Global Forum and Public Governance Ministerial Meeting on ‘Building Trust and Reinforcing Democracy’ (Luxemburg, 17–18 November 2022).
To fight the pandemic, it was recognized that due to ‘imperfect preparedness’ ‘governments have emphasized speed and scale in their COVID-19 response, but often in ways that pose risks for transparency and trust to an unnecessary extent’ (OECD, 2021, p. 26). This was due to excessive budget cuts resulting in lack of essential buffers, slack and spare capacity. In speeding up extra resources and inputs ‘governments have lowered standards of consultation, transparency, oversight and/or control’ (OECD, 2021, p. 26). In a way, consequences took over from appropriateness which became secondary or only got, at best, an ex-post focus.

There is an increasing awareness that crises like the pandemic ‘created more challenges for public trust in government, and for civil liberties and democratic systems more generally’ (OECD, 2021, p. 52). As a result there is ‘a growing consensus that lack of trust in government in recent years has been undermining the legitimacy of public institutions, nurturing political polarization and favouring populist movements’; this resulted in a ‘sense of inequity and unfairness both in economic and social terms, and in political and representativeness terms’ (OECD, 2021, p. 52). In OECD countries, the causal link between on the one hand real consequences combined with real appropriateness, and on the other hand a general sense of equity and inclusion, fairness, and trust becomes very clear.

In general, NPM has not been focusing on democratic governance as such. NPM wanted to empower citizens; however, this was a market vision of empowerment where the ‘citizen’ role was an entire part of the ‘customer’ role in a context of supply and demand of outputs as services delivered. Citizen-State encounters are much more complex than just a customer-provider relationship (Hupe, 2022). NWS, in its essence, is about democratic governance. Since bureaucracy is a ‘cornerstone of the modern state and of representative democratic governmental regimes’ (du Gay, 2020, p. 78), it could protect against political shifts towards anti-democratic or illiberal versions of democracy (Hajnal, 2020).

NWS addresses upcoming debates and frames governance not without but with democracy, governance not without but with government, and governance not based on exclusion but on inclusion, three choices which are not guaranteed in systems based solely on markets (NPM) and/or solely on networks (NPG) (Bouckaert, 2022, p. 24).

3.3. From NPM to NWS: ensuring resilient crises governance and effective innovation for government and for society

(see also Bouckaert, 2022; Bouckaert, 2023a)

Past crises, whether in terrorism, finance, natural disasters, ecology, health or migration, could not be solved by only NPM market-based or only NPG network-based systems. States and centers of government, as hierarchies, are necessary, and take the lead in handling crises and guiding markets and networks in a synergetic way (for Covid-19 see Kuhlmann et al., 2021). This implies that NWS hierarchies are significant, and driving markets and networks.

To enhance the performance of our systems, next to social innovation, one of the emerging innovations is about digital government and society (see Berman and Hijal-Moghrabi, 2022). There is a firm need to have legal frames for markets and networks to
combine digital performance with digital appropriateness (privacy, transparency...). The European Commission, for example, drives the Connecting Europe Facility for Innovative and Secure Connectivity and the European Alliance for Industrial Data, Edge and Cloud. The digital strategy and the 2030 Digital Compass for the Commission and the EU is to be ‘user-centric’, ‘data-driven’ and ‘agile’ (European Commission, 2018 and 2021; see also Drechsler, 2009). Also, to fight the Covid-19 pandemic, government sponsored and pushed research allowed the market to respond and produce the vaccines (Mazzucato, 2021). The same rationale applies to ‘roadmapping for SDGs’ (Miedzinski, Mazzucato and Ekins, 2019).

NPM has been useful for digital innovation, and NPG has been beneficial for social innovation. However, it is assumed that NWS has more potential to drive markets and networks for innovation and for containing and governing crises. This implies that NWS hierarchies are significant, and driving markets and networks, and that innovative states need bureaucracy (Kattel, Drechsler and Karo, 2022).

4. Shifting to NWS in a dialectic way, beyond NPM and NPG

In conclusion, when taking a ‘Whole-of-Society’ (WoS) and a ‘Whole-of-Government’ (WoG) point of view for providing policies and services in an inclusive way, when taking the 17 SDGs and their related crises into account in a context of fragile states and pressure on democratic governance, and when the need for broad innovation should be actively organized and made available to WoS and WoG, then (only) markets and NPM will not make this happen, then (only) networks and NPG will not make this happen, but hierarchy, embedded in a democratic state of law, could make this happen, by combining hierarchy with markets and networks.

Hierarchies are necessary but not sufficient to combine the three major and future assignments of inclusive and guaranteed service delivery, effective crises governance, and functional innovation. It will require functional markets and functional networks which should be legally framed. The State and its public sector have a duty to organize public service which will require changing partners with transparent, responsible, and accountable frames, even when this requires hybridity and a requisite variety of production formats. Most probably the neo-Weberian-State model will be able to offer this.

References:


