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**THE NEW PUBLIC MANAGEMENT AND THE TRANSFORMATION OF THE
SOUTH AFRICAN PUBLIC SERVICE: AN OVERVIEW**

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

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Signed by candidate

 Date: _____

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Abstract

This dissertation is a desktop documentary review of the theory and practice of the New Public Management (NPM) in the public service context of a democratic South Africa. It undertakes an extensive review of the literature on NPM and explores in some detail the NPM's origins, definitions, key characteristics, critiques and lessons learned. The study then considers the role of this NPM framework in South Africa's public sector reform programme post 1994, and assess the extent to which it has been influenced by NPM principles. The successes and failures of NPM-inspired processes in South Africa are considered.

The study argues that while the significance of NPM in the reform and transformation of the South African public service has, since the start of the new millennium, shown signs of decline in favour of a strong central developmental state, it did find its way into the South African reform agenda and its continuities are still evident. This is discussed with reference to mutually related NPM ideas such as the reduction of the size of the public service or rightsizing and downsizing, the devolution of managerial responsibility or the concept of the autonomous manager, the redefinition of the citizen as a 'customer' or emphasis on customer service, and alternative service delivery methods such as Public-Private Partnerships. The study concludes that these elements of NPM were evident but those that could have been useful were implemented without much success.

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List of Acronyms

NPM	New Public Management
PSC	Public Service Commission
PRC	Presidential Review Commission
ANC	African National Congress
PPPs	Public Private Partnerships
ASD	Alternative Service Delivery
SOE's	State-Owned Enterprises
COSATU	Congress of South African Trade Unions
WPTPSD	White Paper on the Transformation of Public Service Delivery
WPTPS	White Paper on the Transformation of the Public Service
IMF	International Monetary Fund
UNDESA	United Nations Department for Economic and Social Affairs

INTRODUCTION

1.1. Introduction

Between 1994 and 2001 the democratic government of South Africa placed much emphasis on policy formulation to reform and reconfigure the public service (van Dyk-Robertson, 2008) for better delivery of public services and improvement of professional ethics. The dominant public administration theory during this period was the New Public Management (NPM), which is essentially a series of policies aimed at improving the efficiency with which public services are provided.

The NPM is usually associated with the international public sector modernization movement that became largely prominent in some industrialized countries, particularly the United Kingdom, New Zealand, Australia, during the late 1970's and the early 1980's. The movement is not so much a coherent theory rather than 'a discrete set of ideas', which Cameron (2005:7) divides into two broad categories, namely 'the use of private management principles, such as greater autonomy for managers, performance management and new financial techniques' on the one hand, and a 'greater use of market mechanisms, such as public-private partnerships and privatisation in service provision' on the other. NPM is thus 'generally inspired by the values and concepts of the private sector' (Cameron, 2005:7).

NPM ideas first found their way to Africa through the structural adjustment programs of the World Bank and the International Monetary Fund (IMF), which

attempted to make the state market-friendly, lean, managerial, decentralised and customer oriented (Mhone, 2003). This included the privatization of state-owned enterprises, elimination of price controls and subsidies, deregulation of the money market and devaluation of 'over-valued' currencies (Balogun, 2003). The downsizing of the civil service - shutting down of certain agencies, retrenchment of redundant personnel and cutting of government expenditure – was also an important part of the process (Balogun, 2003). In this case NPM represented a transfer of so-called modern management knowledge and practices employed in the rich donor countries. Underpinning this transfer is the idea that these practices represent an advanced form of management, and that developing countries will benefit from an infusion of the management knowledge behind these practices (Wahlberg, 2003).

Receptiveness to NPM in South Africa was very unevenly spread among government departments, with the Department of Transport notably almost denuding its departmental organisation structure to form a number of public entities that took over the bulk of the departmental functions (Fraser-Moleketi, 2006). From 2002 however there were some indications that the currency of the New Public Management, specifically in the South African public service, was declining (van Dyk-Robertson, 2008). This was concomitant with the general decline of the currency of NPM as the dominant management philosophy in the Anglo-Saxon world, reportedly owing to 'growing evidence of market failures during the 1990s

and in the early years of the 21st Century, as well as keen awareness of the mounting social and political costs that they entailed' (Ziller, 2003 cited in Moleketi, 2003:467). NPM's claimed benefits also reportedly tended to have very ambiguous results on the ground. This international shift in thinking also impacted on the South African discourse on public administration and management, as noted by former South African minister of public service and administration, Geraldine Fraser-Moleketi:

After a period in which the state have [sic] been vilified, we have now entered an era globally, in which the legitimacy of a strong and healthy public sphere is once again being restored and treasured (MINISTRY OF PUBLIC SERVICE AND ADMINISTRATION, 2007: pages unnumbered).

Elsewhere she argues:

This instinct that we have had about the excessive and uncritical embracing of NPM is proving to have been the correct one. Recent anecdotal evidence from New Zealand, Australia and the United Kingdom, all of them strong advocates of NPM, is that in more recent years they now have to re-build the state, the centre of state, the bureaucracy and the systems that goes with large organisations in order to undo some of the consequences that they are experiencing of their earlier decisions to minimise the role of the State and to handle the complexity of the landscape in terms of public service delivery that has been created through outsourcing, agentization, privatisation, and so forth (Fraser-Moleketi, 2003: pages unnumbered)

Addressing the fourth Commonwealth Heads of African Services Forum, Reverend Chikane concurs:

Efforts to improve service delivery in African countries are located within the context of a globalised world where developed countries have sought to impose an approach, which dictates the reduced role for a 'right-sized' state. Within public administration New Public Management, espousing management 'autonomy' and lean bureaucracies was fashionable for sometime in established democracies. The challenges we face in South Africa ... have led us to move from this 'narrow approach' or 'prescription' in favour of a developmental state. In a Developmental State the state assumes a

prominent role in mobilising the society's resources towards developmental priorities (Chikane, 2007: pages unnumbered)

This move towards strengthening the capacity and organisation of the state is exemplified, among other things, in the conceptualisation and implementation of a Single Public Service Initiative, which 'seeks to bring together all three spheres of government into a cohesive set of institutions to integrate and accelerate service delivery to the poor in South Africa' (MINISTRY OF PUBLIC SERVICE AND ADMINISTRATION, 2007: pages unnumbered). This is interestingly similar to what governments in Anglo-Saxon countries governments have done, namely embarking on "joined-up government" initiatives to supposedly counter NPM's fragmenting tendencies, and restore government coordination. Interestingly, NPM in the first place was meant to overcome problems of executive fragmentation and administrative centralisation – the so-called key impediments to governance and public sector performance (Aucoin, 1995). Administrative centralisation is exactly what the 'whole-of-government' and 'joined-up' initiatives seem to reinforce.

The rationale for administrative centralisation appears to be in some ways no different from the arguments advanced in favour of the adoption of NPM. Elaborating on the motive for strengthening the centre of government Fraser-Moleketi for instance notes:

This approach of creating a superbly aligned and integrated public service is underpinned by an effort to create government institutions that are accessible, efficient, representative, accountable, sustainable and responsive to service delivery needs (MINISTRY OF PUBLIC SERVICE AND ADMINISTRATION, 2007: pages unnumbered).

Red tape or unnecessary bureaucracy – one of the reasons why NPM gained ascendancy over traditional public administration - is still cited among the critical issues hampering service delivery in South Africa. While rules, regulations and procedures are acknowledged to be ‘necessary to ensure equitable and fair access to services, and to guarantee good governance’ they are also reviled for being ‘inefficient and costly’, thus imposing an ‘unjustifiable administrative burden on both citizens and public servants’ (Fraser-Moleketi, 2004: pages unnumbered).

Elsewhere, Moleketi further acknowledges:

We can no-way claim that we have escaped these [NPM] trends completely, but I can assure you that there is a great awareness building up at a political level, as well as within international think tanks on the domain of administration and governance of the potential threats posed by some of the notions underpinning the NPM paradigm to sustainable development and sound administration within the developmental state. These insights are not necessarily yet entirely shared at the level of our managers, and, judging from the conference papers that I get to read and a good share of the academic publications in the field, it would seem even less so at the level of the Public administration discipline across South Africa (Fraser-Moleketi, 2003: pages unnumbered)

The continuities with the NPM ideology are thus clearly evident. Just as the highly regulated bureaucratic model under apartheid did not fade with introduction of democracy, the move towards centralisation has not made NPM practices simply disappear (Mc Lennan, 2008). This fits well with the path dependence theory of public administration, where ‘the past runs as a thread through and influences the direction of implementation in the present’ (Fraser-Moleketi, 2006:15-16). In other words, ‘no reform or transformation process is left untouched by its predecessor systems and other influence streams’ (Fraser-Moleketi, 2006:23).

1.2. Research approach, objectives, methodology, scope and potential limitations

Of primary interest to this study is the role of the NPM in the process of transforming and reforming the public service in democratic South Africa, with a view to highlight the extent to which it has percolated the reform agenda. The discussion revolves around mutually related NPM ideas such as the reduction of the size of the public service, the devolution of managerial responsibility, the redefinition of the citizen as a 'customer', and alternative service delivery methods.

This primarily is a desktop study, based on the review of the literature, using secondary literature sources such as electronic and hard copy journals and books, newspaper articles, policy papers, dissertations, conference reports and general reports on the subject of the NPM. These are used as evidence to support the following key arguments:

- South Africa adopted some NPM concepts as key public sector reform tools
- Some of these concepts appear to have had adverse impacts on the functioning of the public service
- In some cases, such as in the case of the Batho Pele initiative, managerial autonomy, and Public-Private Partnerships lack of success seems to be more related to problems of interpretation rather the intrinsic content of these reforms.

The key objectives of this study are thus to:

- Outline the evolution of NPM internationally by means of a literature review
- Examine the significance of NPM in the South African public service reform process from 1994 till 2008

The bulk of this research was undertaken between 2007 and 2008. New NPM developments after 2008 are therefore not captured. The study discusses the NPM primarily as it pertains to the Public Service in democratic South Africa, though it is also relevant for other spheres of government outside the Public Service. The Public Service is defined and understood in terms of the Public Service Act of 1994, which excludes the local government sphere and parastatals.

A potential limitation of this research is that the information generated through the analysis of the mentioned body of literature is not authenticated with primary data that could have been obtained by means of, for instance, interviews with key actors in the public sector reform process in democratic South Africa. Also, at the time of writing, very little previous systematic research on NPM in South Africa existed. Lacking a systematic body of work from which to build on, this work is also vulnerable to the general criticism that South African Public Administration research 'lacks cumulateness in that little attention is paid to earlier studies and little effort is given to build upon that earlier work' (Cameron, 2005:16). To minimise this shortcoming it was ensured that the little available local work on NPM reforms in South Africa is exploited to the maximum.

1.3. Chapter summary

This chapter was an introduction into some of the public management reform ideas associated with the New Public Management, and how these found expression in the public service of democratic South Africa, as well as their subsequent decline in importance in favour of a strong centralising state. The arguments for this shift towards a strong centre are no different from those advanced for the adoption of the NPM. This shift also suggests a neat linear break with the NPM past, which the chapter contested on the basis that it downplays the continuities or residues that are known to remain from previous dominant management paradigms or philosophies. The chapter also outlined the study's approach, objectives, as well as limitations. The next chapter presents a comprehensive review of the literature on NPM to set the context for understanding the development of the movement in South Africa.

CHAPTER TWO NEW PUBLIC MANAGEMENT: A LITERATURE REVIEW

2.1. Introduction

The emergence of the NPM style of public management in recent decades, and how it was spread across the globe, has been a significant development within both the discipline and practice of public administration. Rising as a modern development within the Public Management tradition and as a theory of governing in general, the NPM has been highly influential in academic and practitioner discourse (UNDESA, 2005). Researchers have noted how the term New Public Management is in fact a misnomer due to the fact that it has been at the forefront of public management discourse for over three decades, and therefore can hardly be called 'new' (Olowu, 2002). However, it may be argued that though the literature is growing rapidly it is certainly still new. The bulk of it is less than three decades old as most of the literature only starts in the early 1990s.

2.2. Definitions

In general NPM has been labelled as a global paradigm change concerning the control and organization of the public service (Christensen & Lægreid, 1999). This definition makes two claims: that NPM was a global trend and that it was a paradigm shift. Both claims are seriously contested. The idea that NPM entailed a paradigm shift away from public administration is reportedly based on the formulations of Thomas Kuhn, namely that NPM is said to change the assumptions

of the traditional paradigm and thereby causing a scientific revolution (Rommel & Christiaens, 2006).

It has been averred that NPM cannot be a new paradigm because there 'is no set of fundamental principles or values sufficiently shared and integrated by a community of specialists so as to offer a correct representation of reality' (Cabrero, 2005). Some critics have eventually reduced NPM from a paradigm shift to an Anglo-Saxon management fad (Van Dooren, 2006). Whether NPM is a global trend is also disputed. Politt (2001 in (Van Dooren, 2006:42)) for instance 'finds convergence between countries in reform strategies a useful myth.'

In a more specific sense the NPM has been defined as a move to more hands on professional management in the public sector, more explicit standards and measure of performance, greater emphasis on output rather than input control, a shift to a disaggregation of units in the public sector, a shift to greater competition and contract based delivery of services, a stress on private sector style of management practice, and greater parsimony in resource use (Hood, 1991).

In essence NPM came to be seen as the 'transfer of business principles and management techniques from the private into the public sector, symbiotic with and based on a neo-liberal understanding of State and economy' (Wolfgang, 2005). This also meant a redefinition of 'citizens as consumers of products or customers of public service providers' (Hambleton, 2004:2). It was assumed that this customer orientation would increase the level of efficiency within the public sector. This is

one of NPM's major sources of criticism as later discussed under the subsection on key objections against the movement.

2.3. Origins of NPM

NPM is thought to have evolved from a wide variety of theoretical approaches including Public Choice Theory and Public Management – the latter being the public sector reform paradigm that preceded NPM (Gruening, 1998). Public Choice Theory on the other hand is 'directed toward the study of politics based on economic principles [where] people are assumed to be well-informed maximisers with logically consistent preferences and an instrumental and self-regarding behaviour' (Van Dooren, 2006:75). Four principles that underline public choice theory have been identified:

- (i) Public sector actors or officials behave as if they maximise their own interests;
- (ii) All social entities are fundamentally sets of individual actors;
- (iii) Political interaction is to be based on voluntary exchange;
- (iv) Politics as voluntary exchange requires the making of an economic institution that is to guide the relationship between the state and the individual;
- (v) Citizens provide rulers or the state with resources and power for which they expect a return of goods and services as well as laws regulating society that matches what they are giving up (Ayee, 2005).

The idea that NPM involves a marriage of the 'new institutional economics' and business-type managerialism is attributed to Hood (1991) who traces the former to

'the post-World II development of public choice, transactions cost theory, and principal agent theory – from the early work of Black (1958) and Arrow (1963) to Niskanen's (1971) landmark theory of bureaucracy and the spate of later work that built on it' (Hood, 1991:5).

The manifest influence of the *public choice* and *principal agent* theories on NPM has raised questions about whether the doctrine is really new to begin with. This formed the basis for the charge that the NPM 'was in fact largely *old private management*, which is often different from what successful modern private sector companies try for ...' (Gasper, 2002:25). Gasper (2002:26) further submits that 'NPM presented itself as "New" in order to divert attention from the mixed record of previous attempts on the same line ...' Aucoin (1990) also asserts, '[i]t should be noted that ... the ideas now in fashion in management circles are themselves a reformulation of traditional models in management theory' (Aucoin, 1990:118).

Some theorists however have averred that by virtue of being fashionable 'NPM can be seen as a modern idea, even though most of its content has been around for some time and are modulations on existing practices' (Skelley, 2002:181). Consequently some critics have dismissed the movement 'as worthless nostrums or old ideas dressed up in new clothes' (Jones & Kettl, 2003:8). A counterargument to this has been the view that 'it is simply too early to tell whether NPM is or is not a new "paradigm" ... [and that] it is not clear whether the question has meaning and it certainly is clear that not enough information is available to try to answer it' (Jones & Kettl, 2003:13). The authors are evidently NPM apologists.

As their characterisation highlights, both Public Choice and Public Management have contradicting perceptions of public administrators – the former taking the pessimistic view that bureaucrats cannot be trusted, as they are prone to deception

and dishonesty, and the latter believing that administrators are fundamentally good people trapped in bad systems (Rolland, 2005). Public Management therefore advances that public managers should be empowered rather than extensively policed. This contradiction within the NPM is yet to be resolved (Rolland, 2005).

Almost all public sector reforms have been aimed at improving the performance of government. Which means the provision of better services, as well as the development of more thoughtful policy analysis (UNDESA, 2005). The NPM shifted the emphasis significantly from the traditional public administration model of public service delivery, based on hierarchy, centralisation and direct control, to a market-based public service management culture (Ayee, 2005). Criticism of the Bureaucratic Model, according to Monteiro (2002:9),

Centred on the fact that it concerned itself more with proper procedures than with objectives, put respect for the rules above efficiency, and addressing citizens' interests was an effect of the work of administration and not the driving force an *raison d'être* of public administration. Tenured employment ... was seen as encouraging inertia and stifling motivations as well as resistance to change.

Hughes (1998) likewise proclaims:

[T]he traditional model of administration is obsolete and has been effectively replaced by a new model of public management. This change represents a paradigm shift from a bureaucratic model of administration to a market model of management closely related to that of the private sector. Managerial reforms means a transformation, not only of public management, but also of the relationships between market and government, government and the bureaucracy, and bureaucracy and the citizenry (cited in Argyriades, 2003:522).

Thus, according to NPM proponents 'the launch of the new public management was a frank recognition that hierarchy and authority, in all their variations and reforms, had reached their limits' (Jones & Kettl, 2003:10). Under NPM the traditional focus on inputs shifted to a focus on outputs and outcomes, such as clearly defined goals, targets and quantitative indicators of success. The shift has been associated with the rise of right-wing politics¹ where the state came to be seen as part of the problem, due to its huge scope, size and scope, among other things (Olowu, 2002). Economic and fiscal crises including the alleged crisis of legitimacy of the welfare state (Rolland, 2005), as well as the advancement in information and computing technology, have also been understood to be drivers of NPM reforms (Tolofari, 2005).

Because new movements usually present themselves as an antithesis to mainstream practices (Van Dooren, 2006), it is no surprise that the NPM presented itself as an alternative to the traditional bureaucratic model. However, as noted earlier,

More recently, those countries that adopted NPM most enthusiastically (such as Australia and New Zealand) have rediscovered some of the virtues of traditional public administration and have adapted their reformed, marketised systems accordingly (UNDESA, 2005:15).

As already seen in the introductory chapter, these countries are now engaged in initiatives that seek to strengthen the centre of government, with politicians being encouraged to 'stick to their core business, that is, developing new policies to

¹ The rise of right-wing (sometimes called New Right or neoliberal) politics is associated with the era of Margaret Thatcher in Britain, and President Ronald Reagan in the US.

realise (political goals)' (Van Thiel & Leeuw, 2002:268). The market or quasi-market entities would then supposedly take care of policy implementation.

2.4. Characteristics of NPM

Assessing whether the new public management actually constitutes an identifiable set of ideas has been deemed a daunting problem. In fact, variations within the literature on NPM suggest that there is no 'complete agreement on what elements or units of analysis constitute New Public Management' (Roberts & Bradley, 1999: pages unnumbered). Different scholars emphasize different elements. Although there is no consensus on what NPM actually constitutes, it has been articulated alongside progressive phrases such as: reinventing government, re-engineering, revitalisation of the public service, organisational transformation, total quality management, paradigm shift, entrepreneurship, empowerment, results over process, downsizing, rightsizing, lean and mean, contracting out, off-loading or outsourcing, steering rather than rowing, empowering rather than serving and earning rather than spending (Ayee, 2005).

The UN likewise identifies privatization, expenditure cuts, labour market deregulation, and other various forms of structural adjustments, as some of the NPM's distinctive features (UNDESA, 2005). The UN Report further construes NPM as a particular doctrine, as well as a distinctive tool-kit of administrative techniques, which include competition, marketisation, autonomisation, deregulation and disaggregation. The latter refers to the breaking down of large public sector

organizations into 'corporatized units around products' funded separately and interacting with one another on an 'arms-length' basis (Appana, 2003). Hood (1991) provides a useful tabulation of the doctrinal components of NPM:

Table 1: Doctrinal components of new public management

No.	Doctrine	Meaning	Typical Justification
1	<i>Hands on professional management</i> in the public sector	Active, visible, discretionary control of organisations from named persons at the top, 'free to manage'	Accountability requires clear assignment of responsibility for action, not diffusion of power
2	<i>Explicit standards and measures of performance</i>	Definition of goals, targets, indicators of success, preferably expressed in qualitative terms, especially for professional services (...)	Accountability requires clear statement of goals; efficiency requires 'hard look' at objectives
3	Greater emphasis on <i>output controls</i>	Resource allocation and rewards linked to measured performance; break up of centralised bureaucracy-wide personnel management	Need to stress <i>results</i> rather than <i>procedures</i>
4	Shift to <i>disaggregation</i> of units in the public sector	Break up of formerly 'monolithic' units, unbundling of U-form management systems into corporatized units around products, operating on decentralised 'one-line' budgets and dealing with one another on an arms length basis	Need to create 'manageable' units, separate <i>provision</i> and <i>production</i> interests, gain efficiency advantages of use of contract or franchise arrangements <i>inside</i> as well as outside the public sector
5	Shift to greater <i>competition</i> in the public sector	Move to term contracts and public tendering procedures	<i>Rivalry</i> as the key to lower costs and better standards
6	<i>Stress on private-sector styles of management practice</i>	Move away from military-style 'public service ethic', greater flexibility in hiring and rewards; greater use of PR techniques	Need to use 'proven' private sector management tools in the public sector
7	Stress on greater <i>discipline</i> and	Cutting direct costs, raising	Need to check resource demands of public sector and

parsimony in
resource use

labour discipline, resisting
union demands, limiting
'compliance costs' to business

'do more with less'

Source: (Hood, 1991)

Many of these precepts have endured, but there is yet no satisfactory account of why this is the case (Hood, 1991). Hood (1991) offers four possible explanations. The first is a simple 'whim of a fashion' explanation, which submits that NPM had many of the necessary qualities of administrative reform fads and fashions, namely 'cheap, superficial and popular.' This however, it is argued, is not enough to explain why NPM coalesced and 'caught on' the way it did (Hood, 1991). A second 'equally sceptical explanation' is an idea of NPM as a

"'cargo cult' phenomenon – the endless rebirth, in spite of repeated failures, of the idea that substantive success ('cargo') can be gained by the practice of particular kinds of (managerial) ritual' (Hood, 1991:7).

While this explanation does 'better accommodate the recurring or enduring features of many aspects of NPM', it apparently 'cannot tell us why the NPM variant of the recurring public management 'cargo cult' appeared at the time it did, rather than any other' (Hood, 1991:7). A third possible explanation is a 'synthesis of opposites' interpretation, which sees NPM as a fusion of opposites:

[T]he German tradition of state-led economic growth by professional public managers [rooted in cameralism]' and the 'Anglo-Saxon tradition of liberal economics, allied with a concern for match self-interest with duty in administration [rooted in utilitarianism] (Hood, 1991:7).

While viewed as less sceptical, this Hegelian marriage of opposite attractions on its own seemingly 'does not help us to understand why those two distinct public

administration traditions should have united *at this particular time* rather than any other' (Hood, 1991:7). NPM as a 'response to a set of special social conditions developing in the long peace in the developed countries since World War II, and the unique period of economic growth which accompanied it' (Hood, 1991:7) is Hood's final and apparently more credible interpretation of why NPM found favor.

Originally, some of the ideas associated with NPM were allegedly business-like in character. In this regard the NPM appeal seemed to derive from the idea of introducing to the public sector an allegedly new set of universally attractive tools and principles that were previously thought to be exclusively germane to the private sector. The very term "management" is thought to derive from private sector experience, 'denoting ... a concern for the use of resources to achieve results in contrast to the presumed focus of "administration" as the adherence to formalised processes and procedures' (Aucoin, 1990:118). Running the public sector was allegedly the same undertaking as running any other business, the key assumptions being that,

- Government, like private business firms, supplies goods and services in response to "customer demand";
- Government outputs are, like private sector equivalents, fairly well-defined, change in response to demand, and are quantifiable;
- The citizen, as a 'customer' of public goods and services, has a choice/preference, which s/he expresses during elections and routinely at the market place;
- Inputs into government operations are scarce, and this dictates the need to produce more with less;
- If a performance cannot be measured, it cannot be managed;
- The structure and process of government can easily be adapted to respond to consumer demands and cater to changing tastes; and

- To ensure that public management is able to respond to challenges as or before they unfold, government leaders must be empowered to make decisions and allocate resources (UNDESA, 2003:4).

Thus NPM apparently not only advocates for the adoption of the techniques of the private sector, but also its values. The special requirements of management in the public sector including such conceptions as 'public spirit', 'general interest' and 'common good' are not given as much consideration. The NPM notion of 'generic management' consequently does not allow for any specificity of the public sector (Pierre, 2007). Through the application of market principles, public sector inefficiency and ineffectiveness would presumably be a thing of the past. The market was believed to be an 'effective allocator of resources, an efficient co-ordinating mechanism, a rational decision-making process and, in addition encourages resourcefulness and enterprise' (Larbi, 1999:3).

An important premise of NPM is the idea that public sector provision is inefficient and often ineffective, that it leads neither to cost containment nor to quality improvements (UNECA, 2003). The NPM appeal therefore lay in the idea that private sector management is superior to public sector management, and in this comparison public sector bureaucrats 'are perceived essentially as administrators, and thus are considered inferior to their private sector equivalents who "manage" their organisations' (Aucoin, 1990:118). Consequently 'the assumption that public sector organisations need to learn from private sector organisations and companies' (Ehsan & Naz, 2003:33) was fostered.

Finally, NPM has also been associated with inspiring a number technological innovations and tools to expedite government service delivery. Marked improved in information technology, in theory, may be associated with heightening 'the chance that any corruption will be detected, and hence deterred' (DeLeon & Green, 2000: pages unnumbered). One of these tools is e-government, which is understood as an innovative measure that helps narrow the gap between citizens and the services they require (MINISTRY OF PUBLIC SERVICE AND ADMINISTRATION, no date). One-stop shops that provide a variety of government services in one place - including payment of grants, welfare services, vital registration, health, education, employment and other basic services - are an example of the practical applications of the e-government model.

2.5. Implementation of NPM

Three schools of thought on NPM implementation studies have been distinguished (Van Dooren, 2006). The first is environmental determinism, which characterizes the implementation of NPM as a response to external pressure. This school of thought consists in two strands: symbolists who 'would state that pressure arises from reform myths that exert isomorphic pressures – the pressure to align success stories as a way of dealing with uncertainty and as a substitute for success'; and rationalists who 'would attribute external pressure to the superior technical efficiency of the NPM approaches' (Van Dooren, 2006:244).

According to the second school of thought NPM is a 'product of the path-dependent national historical-institutional context' (Van Dooren, 2006:244). The implication of this view is that successful NPM implementation rests on 'the consistency of the underlying values of the reform with the existing values in the administrative system' (Van Dooren, 2006:244). Finally, the third school of thought construes reform in terms of the political-administrative structure, i.e. 'the main features of the polity, the form of government, and the formal structure of decision-making affect the country's capacity to realize administrative reforms' (Van Dooren, 2006:244).

2.6. Major New Public Management Critiques

Until very recently NPM has enjoyed an overwhelming appeal amongst public sector reformers around the world. This was born out of the promise that NPM will lead to greater efficiency, effectiveness and economy in management in the public sector (Appana, 2003). The focus on better service, lower costs, innovation, profit-orientation, better pay, higher dividend payouts, were also highly attractive proposals for the public at large (Appana, 2003). The NPM appeal however has somewhat diminished, in conjunction with growing dissatisfaction with some key NPM concepts and practices. Today NPM is the focal point of disagreement on public administration reform (Dunn & Miller, 2007), and lacking 'a single definitive 'manifesto', the ideas of its critics are equally scattered among a variety of often ephemeral sources' (Hood, 1991:8). Certain NPM characteristics, including those discussed below, have drawn more criticisms than others:

2.6.1. Emperor's New Clothes?

NPM has been asserted to be a mere product of the style-conscious 1980's, and thus all hype and no substance – like the Emperor's New Clothes in the Hans Anderson story (Hood, 1991). According to this criticism it would seem that an NPM corrective would be along the lines of

'giving NPM some real substance in order to move from 'smoke and mirrors' to reality – for example in making output contracts between ministers and chief executives legally binding or in breaking up the public service employment structure ...' (Hood, 1991:9).

NPM is also said to have 'damaged the public service while being ineffective in its ability to deliver on its central claim to lower costs ... of service' (Hood, 1991:9).

The main result has thus largely been 'an aggrandizement of management and a rapid middle-level bureaucratisation of new reporting systems (as in the remarkable growth of the performance indicator industry)' (Hood, 1991:9). The NPM remedy that can be deduced from this type of criticism relates to

[A]pplying to the NPM *system* the disciplines that it urges upon service-delivery bureaucracies but so signally fails to impose on itself – particularly in the strict resource control and the imposition of a battery of published and measurable performance indicators to determine the overall costs and benefits of the system' (Hood, 1991:9).

NPM's 'professed claims to promote the 'public good' (of cheaper and better public services to all)' has also been criticised for being 'actually a vehicle for *particularistic* advantage' in the sense that,

NPM is a self-serving movement designed to promote the career interests of an elite group of 'new managerialists' (top managers and officials in central controlling departments, management consultants and business schools) rather the mass of public service customers or lower-level staff (Hood, 1991:9).

Disproportionate cut back on 'managerial' rather than on 'operational' staff and measures to 'empower' consumers, for instance by new systems of direct democracy (Hood, 1991), are the obvious remedies implicit in this criticism.

2.6.2. Transferability of private sector approaches

NPM was assumed to be the only right way for both private and public sector growth and efficiency, even though there was no established empirical basis for that assumption (Christensen & Laegreid, 1999). Critics have extensively addressed the issue of the transfer of models from private to public. Skelley (2002:180) for instance notes that 'experience with a set of techniques in the private sector, in the market, does not necessarily predict the effect of these reforms in the public sector context.' For starters the customer in the public sector is difficult to identify and that, for the most part, customers and citizens are not the same (Olowu, 2002). Van Dooren (2006:74) further adds that 'output in the public sector does not straightforwardly lead to outcome.'

Citing Metcalf (1993:292) Pallot (1996:pages unnumbered) emphasises that:

... governments, by accident or design, have far more difficult management problems than any business would attempt to tackle, [and] if the basis of public management reform until now has been imitation of business management, the challenge for the 1990's is to move to innovation; the development of new methods of management appropriate to the distinctive needs of government.

Other critics have questioned the empirical validity of NPM in terms of its claims of private sector management ideals, with the charge that 'most private sector

organisations rarely operate in the manner presented in NPM' (Olowu, 2002:7). The idea that private sector techniques are taken over without pre-existing evidence that those techniques work in even in the private sector (Rolland, 2005) has been another serious criticism. In this regard it has been concluded:

... the opinion that business organisations have succeeded much better in fighting bureaucracy and bureaucratisation than government organisations, is based more on speculation and prejudice than on the results of empirical research (Kolthoff, Huberts, & van den Heuvel, 2006:4).

2.6.3. Opacity and loss of political accountability

NPM is also charged with opacity with regard to specifying the means of achieving its presumed colourful outcomes. This opacity is argued to result from the fact that NPM does not actually present any specific proposal that qualifies as being distinctly different from existing private sector management approaches, despite being proposed as a management approach (Appana, 2003).

Therkildsen (2001:8) also notes that '[w]hile NPM doctrines stipulate how the public sector can be made more efficient and accountable, they do not focus on how to bring about the prescribed changes.' He further argues that there is 'plenty of empirical evidence to show that even in consolidated democratic states [presumably those that have followed the NPM-path] there are major deficits in accountability' (Therkildsen, 2001:7). Furthermore there is a concern that,

Instead of being answerable to social welfare, citizens' rights, poverty eradication, impartiality, fairness, representation, and justice, public governance is increasingly accountable for accelerating the economic growth-rate, boosting efficiency and productivity, encouraging competition, maximising profit, and ascertaining cost effectiveness (Haque, 2000:601).

This apparently undue NPM emphasis on procedural economic criteria over substantive public concerns thus, in Haque's view, results in instrumental standards of public accountability. That this accountability for market-based economics could translate into accountability for citizens' rights is an assumption that Haque seriously questions. For Haque, these two forms of accountability cannot co-exist, as the accountability for competition and productivity is set to displace accountability for welfare and justice. Such criticism however surely needs not to negate the significance of economic efficiency, economy and competition as criteria of accountability.

NPM reforms have also been 'blamed for facilitating ethical misconduct and corruption in industrialised countries' (Polidano, 1999:11). Dunleavy & Hood (1994) understand this to be the egalitarian critique of NPM - in terms of cultural theory (see Table 2). The increasing corruption is thought to result from the more discretionary freedom NPM reforms give to public sector organisations and individual public sector employees (Ormond & Löffler, 1998). It is also thought that there could be evidence that NPM elements contribute to:

- A decline of an "ethics infrastructure", and of alienation and insecurity of public servants,
- Intensified "market for contracts" and rent-seeking behaviour of market participants, and
- The possibility of undermining supervision and control of the administration due to the decentralised and fragmented structure of purchaser-provider models (von Maravic & Reichard, 2003:85).

In his exploration of the various forms of administrative designs, Hood (1991:15) comes to a similar conclusion, noting that, '[i]f NPM is a design for putting frugality at a centre stage, it may at the limit be less capable of ensuring honesty and resilience in public administration.' This is because NPM

[R]ecipes to some degree removed devices instituted to ensure honesty and neutrality in the public service in the past (fixed salaries, rules of procedure, permanence of tenure, restraints on the power of management, clear lines of division between public and private sectors) (Hood, 1991:16).

Gratto, Preston, & Snilsberg, (2002:4) on the other hand identify two major implications, which the NPM has for corruption:

First, NPM creates the potential for corruption in a wide range of actors and that the flexibility of these networks makes it more difficult to maintain accountability and oversight. Secondly and perhaps more importantly, the line between the government and private actors becomes increasingly blurred in NPM.

On the same theme of NPM and corruption Argyriades, (2003:529) also pronounces:

In most other places, however, the cult of flexibility and of 'results over process', assiduously promoted by NPM, had mostly negative outcomes. It helped create conditions in which corruption thrives, indeed becomes accepted as part of everyday life ... It is the single-minded pursuit of these 3Es [economy, efficiency and effectiveness] tied to an opportunistic quest for short-term gains that have too often led to the spread of corruption, the abuse of power and the neglect of values which lie at the very core of public service professionalism reinforcing public trust ... In several parts of the world, the decline of public service and the retreat of the state have certainly contributed to an appreciable rise in corruption and a corresponding fall in democratic standards and public trust.

The possibility that NPM facilitates corrupt behaviour is also thought to arise from inadequate control in a deregulated context, where line managers can take advantage of privy access to knowledge and use it to their own advantage (von

Maravic & Reichard, 2003). The opportunities presented in NPM's 'marketise' strategy where public and private interests interact (von Maravic & Reichard, 2003) is also thought to be a breeding ground for corruption.

Arguments of NPM as the facilitator of unethical conduct have on the other hand been criticised for being,

[B]ased on individual perception or even prejudice than on facts [as] there is little if any empirical study comparing ethical conduct before and after major public management reforms' (Ormond & Löffler, 1998, pages unnumbered).

Anticipating this kind objection, Hood (1991:16) does qualify his prediction by complicating it further:

Even if further research established that NPM was clearly associated with the pursuit of frugality, it remains to be fully investigated whether such success are bought at the expense of guarantees of honesty and fair dealing ...

A relatively recent investigation of potential interrelationships between NPM reforms in the public sector and corrupt behaviour of public servants, politicians and providers of public services, also finds a gap between theoretical assumptions and missing empirical evidence (von Maravic & Reichard, 2003). The authors conclude that 'there is no evidence to suggest that NPM fosters corruption any more than does traditional public administration' (p.84). A possible counter-argument here is the idea that having no evidence is not the same thing as not increasing corruption or the opportunity for corruption (von Maravic & Reichard, 2003).

2.6.4. Use of competition and marketisation

The use of competition and marketisation was intended to motivate bureaucrats in the form of providing performance incentives. This derived from 'the economic view that the utilities of bureaucratic officials motivate bureaucratic behaviour, and these must be manipulated by incentives to effect desired change' (Skelley, 2002:170). This led to more emphasis on monetary incentives, rather than non-monetary ones. It is argued that this had the perverse effect of eroding

... core values in the public service ethos, built up over more than a century, including a concern for sound procedures, proper accountability of public servants to elected politicians, consistency of treatment and fairness, and a caring concern for the clients of services (Hambleton, 2004:2).

Competition and marketisation encouraged the seeking of personal gain from providing public services (James, 2001). The marketisation of the public service has also been criticized for focusing on 'changing bureaucrats' behaviour rather than transforming the fundamental fibre of government's structure and process' (Skelley, 2002:170). Under such conditions it reportedly becomes difficult to construct workable democratic administrative institutions in a civil service where the bureaucrats are driven solely by external incentives and private benefits (Christensen & Laegreid, 1999).

The model of the market-oriented public manager has also been seen to be problematic for democratic governance because

[I]t implies that public managers are motivated by self-interest and act opportunistically, a stark contrast to the ideal of the "ethical agents who administer the public's business with the common good in mind" (Kaboolian, 1998:190).

Market-orientation also entailed treating citizens as 'customers', a commercial term that 'assumes an individualist orientation and fixed preference in contrast with the "public" assumption of political life' (Kaboolian, 1998:191). While this 'customer service strategy' may have been of value to public manager 'in addressing the heterogeneous tastes of diverse citizenry' (Kaboolian, 1998:191), 'it tends to reduce the social rights associated with collective citizenship to narrow commercial prerogatives of individual customers guided by an exchange relationship' (Haque, 2000:603). According to Haque, this is a reductionist conception of citizenship under which

[P]ublic governance is accountable for the effective delivery of its services to customers who can pay, while it may remain indifferent towards low-income citizens who are not in a position to use such services due to their financial incapacity (Haque, 2000:603).

Haque (2001:65) also laments that:

[W]hile there has been an apparent eclipse in discourse regarding the publicness or public quality of public service, the recent transition towards a market-driven mode of government has created a serious challenge to such publicness.

This publicness is diminished through the NPM's erosion of public-private distinction, the shrinking socio-economic role of the state, narrowing composition of service recipients, the worsening condition of accountability and declining level of public trust (Haque, 2001). Haque contends that the impacts of market-led public sector reforms are likely to be more adverse in developing economies due to the high percentage of people living in poverty who are used to being dependent on subsidized goods and services provided by the public sector (Haque, 2001).

Using empirical findings, Haque (2001) also associates market-led reforms in the public sector with decreasing public trust or confidence in the public service, including the confidence of public service employees themselves. Which runs counter to the idea that public sector reforms can assuage people's anti-government sentiment and rejuvenate their confidence in government (Haque, 2001).

2.6.5. The hybrid nature of NPM

Its cultivation of economic values and objectives notwithstanding, the NPM concept is still viewed as loose and multifaceted, including different elements which comprise a kind of a shopping basket for reformers of public administration (Christensen & Laegreid, 1999). This hybrid character of NPM has arguably fostered a constellation of diverse concepts, which inevitably pull the NPM framework into different directions. A cited case in point is the tensions resulting from the centralizing tendencies inherent in contractualism, as against the devolutionary tendencies of managerialism (Christensen & Laegreid, 1999). According to these authors the NPM's mix of these tendencies renders it a double-edged-sword, which prescribes both centralization and devolution. This ultimately exacerbates the tension between public managers and elected officials.

A similar paradox is advanced in Aucoin (1990) who has observed that the organisational principles that flow from public choice and managerialism are inherently contradictory. Public choice, to begin with, operates under a theory,

which locates the problem of government administration in excessive bureaucratic power or what is known as the “bureaucratic ideal”. The solution therefore is that,

[P]oliticians under representative government must seek to “tame” the bureaucracy via a concentration of power in the hands of elected representatives, aided to the degree necessary by political staff as advisers, political appointees to line management positions, or, at least, greater political attention to the staffing of the career bureaucracy itself (Aucoin, 1990:126).

The managerialist strand of NPM on the other hand laments the excessive controls on line managers in the bureaucracy and prescribes the “unleashing” of bureaucrats in line management positions as the solution to the problem. In this sense the bureaucrats are simultaneously viewed as both the cause of the problem and the resolution to it (Aucoin, 1990). In short, ‘public choice theory promotes centralisation, coordination and control, while the managerialist school of thought favours decentralisation, deregulation and delegation’ (Aucoin,1990:129).

Using labels from cultural theory, Hood et al encapsulates NPM criticisms as follows:

Table 2: Critiques of New Public Management

<p><i>Fatalist critique</i></p> <p>NPM cannot alter basis dilemmas of public administration or provide free lunch</p> <p><i>Remedy</i></p> <p>None: but over-sell of management systems will be vulnerable to fatalist attack</p>	<p><i>Hierarchist critique</i></p> <p>NPM risks eroding system-wide cohesion, and putting the public sector out of control</p> <p><i>Remedy</i></p> <p>Strengthened central steering capacity, more obligations to consult, OCR not ACR contracts</p>
<p><i>Individualist critique</i></p> <p>NPM risks becoming a poor substitute for fully individualised contract rights</p>	<p><i>Egalitarian critique</i></p> <p>NPM risks encouraging corruption, may suit personal interests of top</p>

<p><i>Remedy</i></p> <p>More 'real contracts than quasi-contracts, more privatisation rather than corporatisation</p>	<p>officials, weaken accountability</p> <p><i>Remedy</i></p> <p>More citizen empowerment, more anti-corruption machinery, extension of model employer role, stricter contract blacklists</p>
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Source: (Dunleavy & Hood, 1994)

2.7. Lessons learned

There is very little consensus on the central feature that defines NPM. It is also not clear whether the doctrine represents a new organisational structure or simply a renaming of old ideas and practices. Furthermore, the number of NPM critics seems to be increasing compared those who are sympathetic to the NPM cause, which is consistent with the decrease in the NPM currency thesis and the belief that

NPM has failed, for the most part, in achieving the goals set forth by its American and British advocates, particularly the goal of achieving more effective and efficient public organisations in developing countries in Central and Eastern Europe (CEE) and the Commonwealth of Independent States (Dunn & Miller, 2007:350).

The NPM doctrine is thus no longer a fashionable catch phrase, particularly in countries that have had extensive experimentations with it. The overall NPM reform agenda also appears fraught with inherent contradictions. First they have been implemented more vigorously in the developed world, which appears to need them the least. Their implementation is also contingent on the existence of a strong state, while the primary goal is actually to reduce the role of the state.

It has also emerged from the literature review that NPM-oriented public administration reforms fail to appreciate that, in terms of accountability standards, 'the objectives, norms and roles of public governance are different from those of the

private sector' (Haque, 2000:610). The private sector for instance is not bound by public norms such as representation, equality, impartiality, integrity, justice, and citizenship (Haque, 2000). In short, NPM fails to account fully 'for the special non-business circumstances prevailing in the public sector' (UNDESA, 2003:iii). These apparent failures explain why there has been such a backlash against the NPM. While the lessons of NPM in countries where it originated are ambiguous, the experience of NPM in developing countries is allegedly even more starkly so (UNDESA, 2005).

However as NPM evaluations undergo more empirical tests, it is emerging that its results on the ground are actually mixed, particularly in its Anglo-Saxon industrial heartlands. Pollitt (2000) tentatively defines 'results' in terms of the following categories:

- Savings (reduced budget appropriations);
- Improved processes (e.g. faster, more accessible complaints procedures; quicker turn-round times for repairs or the processing of licences; 'one-stop shops' offering several services in one place);
- Improved efficiency (better input/output ratios, e.g. more students graduate per full-time equivalent member of staff; the same number of drivers' licences are issued with 20 per cent fewer staff);
- Greater effectiveness (less crime, poverty, functional illiteracy; homelessness; drug abuse; gender or ethnic inequality; more new jobs created; more contented and trusting citizens, etc.);
- An increase in the overall capacity/flexibility/resilience of the administrative system as a whole (e.g. through the recruitment and training of more skilled, more committed public servants).

On the basis of these categories, which also have definitional problems of their own, Pollitt (2000:196) concludes,

... while there is evidence of specific improvements in particular instances, the general case for NPM as a solution to diverse problems of governance in many different countries is far less firmly established than is commonly supposed ... Even in those cases where improved effectiveness *can* be demonstrated, there is usually considerable ambiguity as to what it should be attributed. The splendid coat of many colours envisaged by some reformers – slim, fast, effective, decentralized, open, trusted government – still lies more in the realms of hope and imagination than in demonstrated and warranted reality.

Lynn (2001) also 'contends that there is no agreed upon body of facts concerning the nature, extent and consequences of the changes brought about by NPM' (Cited in Otenyo & Lind, 2006:504). Both the successes and failures of NPM-type reforms are thus not as clear-cut.

2.8. Chapter summary

This chapter presented a review of the international literature on NPM as means to set the context for the discussion of NPM in South Africa, which is the subject of subsequent chapters. The review looked at NPM in terms of its definition, origins, characteristics, implementation, criticisms and lessons learned. Conceptions of NPM as a global trend and as a paradigm shift are seriously contested. Public choice theory and Public Management are generally thought to be the intellectual and theoretical foundations of NPM.

Actual content of NPM is disputed but is generally associated with reinventing government, re-engineering, revitalisation of the public service, organisational transformation, total quality management, paradigm shift, entrepreneurship, empowerment, results over process, downsizing, rightsizing, lean and mean,

contracting out, off-loading or outsourcing, steering rather than rowing, empowering rather than serving, earning rather than spending, privatization, expenditure cuts, labour market deregulation, competition, marketisation, autonomisation, deregulation and disaggregation, hands on professional management in the public sector, explicit standards and measures of performance, greater emphasis on output controls, shift to greater competition in the public sector, stress on private-sector styles of management practice, stress on greater discipline and parsimony in resource in use. External pressure, the historical-institutional context and the political-administrative structure are among the variables influencing the implementation of NPM-type reforms.

Criticisms of NPM are around its perceived lack of substance, promotion of the interests of the elite at the expense of operational staff and citizens, the uncritical embrace of private sector management techniques, being vague on how to achieve the promise outcomes, the loss of bureaucratic accountability, undue NPM emphasis on procedural economic criteria over substantive public concerns, facilitating unethical conduct and corruption, encouraging public servants to seek personal gain from public service, erosion of publicness in public service, and exacerbating the tension between public managers and elected public officials.

Lessons learned and conclusions drawn from the literature review pointed to the general worldwide decline in NPM currency; the inherent contradictions within the movement as it propounds the elimination of the state while the achievement of its

tenets is contingent upon the existence of a strong state; the failure of NPM to appreciate adequately the fundamental differences between the private and public sectors; and the confusion of NPM with similar yet distinct developments in public administration.

Notwithstanding such criticisms, it cannot be denied that the NPM has inspired some positive movements in the public sector. For one it has facilitated a move towards more hands on professional management, which is more advantageous than the detached approach characteristic of public sector managers in the traditional bureaucratic era. Partly as a result of the NPM public sector organizations now have more explicit standards and measure of performance, which has meant that human resource issues, such as promotions for instance, are no longer determined based solely on seniority. The greater emphasis on output rather than input control has in some way helped bring public sector focus back on results of activities rather on the activities themselves. The NPM-inspired shift to greater competition and contract-based delivery of services has helped reduce the price of public goods and that has in turn generated greater parsimony in the use of public resources. The results of the NPM therefore are, at best, mixed. The next chapter examines the NPM phenomenon in democratic South Africa.

CHAPTER 3

NPM-TYPE PUBLIC SERVICE REFORMS IN DEMOCRATIC SOUTH AFRICA

In South Africa the ability of the public service to deliver and expand basic services will decide whether the country becomes a stable political economy driving economic development in Africa or remains a volatile country beset by massive inequalities in service delivery (Kroukamp, 2003:pages unnumbered).

3.1. Introduction

An important part of South Africa's democratic transformation in 1994, following the negotiated settlement between the National Party government and South Africa's liberation movements, was the transformation of the Public Service. The impetus for the reform of the South African Public Service was arguably occasioned by two factors. One was the desire to correct problems brought about by old bureaucratic orthodoxy, maladministration and dysfunctional systems associated with the apartheid government.

The other was the changing global economic order, particularly the collapse of the Soviet Union and the associated economic system. Also, after many years of isolation from the global community the South African public administration machinery was rather outmoded and needed to be modernized. Management experts however tended to use "modernization" and "best practice" as marketing tools in promoting New Public Management (Fraser-Moleketi, 2006).

On the transformation of apartheid structures front, the then new Government of National Unity had the unenviable tasks of forging a coherent united public service

out of eleven public services that existed prior to 1994. Each of these was located in a particular geographical area and was served by no less than fifteen separate administrations, namely the central administration of the Republic of South Africa; the administration of the four provinces of the Republic; the administration of the six self-governing territories of Gazankulu, kaNgwane, kwaNdebele, kwaZulu, Lebowa and Qwaqwa; and the four 'independent' states of Transkei, Bophuthatswana, Venda and Ciskei (Fifield, 1998). Summarising this process Fifield (1998:386) writes:

This, in essence, is rationalisation, which in the South African context meant the process of moving from a fragmented and dysfunctional system of administration, created during the apartheid era, to one which constitutes a balanced, integrated unity in which every component is essential for the effective functioning of the whole. The process is obviously linked to transformation and reform, while in sequence rationalisation precedes the two.

Rationalization, which involved the establishment of a new legal framework for administration and the assignment of political executive powers for the administration of laws (Fifield, 1998), was thus the precursor to the reform and transformation of the South African public service. It was during this process when new policy instruments and measures dealing with affirmative action were introduced (Fifield, 1998), particularly when it became clear that 'the ANC-led government could not make a clean break with the past as a result of the existence and retention of the entire apartheid administration' (Fraser-Moleketi, 2006:18) due the "sunset clause" imperative.

The sunset clauses were part of the power-sharing mechanisms meant to protect the jobs of the then existing public servants for a specified amount of time (Cameron & Milne, 2008). This was a 'deliberate action that would link the democratic dispensation to the apartheid state through the retention of public servants in various sectors including the police and the army', as well as to 'ensure stability in the administrative machinery of the country prior to the April 1994 elections' (Fraser-Moleketi, 2006:21).

3.2. The rise of New Public Management

The NPM was only one of many reform currents experienced in South Africa, particularly during the post-apartheid period. As Fraser-Moleketi (2006:15) notes:

[T]he New Public Management (NPM) methodologies that were adopted in the South African reform effort were specifically seen as tools, contributing to building an effective and efficient administration, in order to achieve the governance goals of a democratic South Africa. There was never a deliberate strategy to adopt the NPM as an embodiment of a benchmark for public sector reform to be pursued uncritically.

Both the desire to correct the problems of the apartheid administration and the changing global economic order arguably triggered the rise of NPM-type reforms in post-apartheid South Africa. The multi-party negotiations of the early 1990's precipitated the need to advance a new form of public administration and management in South Africa (Vil-Nkomo, 1998). This is when public administration academics and practitioners also began to talk of the need to break with the Public Administration of the apartheid period. This saw the adoption of the Mount Grace Resolution, which signalled a move towards the New Public

Administration associated with the American 'Minnowbrook' movement (Fitzgerald, 1995). This new 'paradigm' was premised on the adaption to local circumstances of Osborne and Gabler's *Reinventing Government* as well as on the critique of 'wholly outdated' principles and methods that made the South African public service a 'bureaucratic, law-driven, hierarchical, multi-layered, departmentally fragmented, inward-oriented racial Oligarchy' (Fitzgerald, 1995 cited in Chipkin 2002:6).

New Public Management thinking is thus evident in the early and late 1990's in the movement to restructure public administration to forge a new post-apartheid public policy dispensation. The early 1990's in particular was the time when NPM was also being adopted in the rest of the Commonwealth (Dreschler, 2005). Fraser-Moleketi (2006:23) also notes:

The South African public service transformation experience came in at the tail end of the period in which the thinking on public sector reform internationally was under-going substantial change with shifts from the traditional Weberian approach to public administration and then to what has become know as the New Public Management.

Found to be 'structured along mechanical closed models of public and development administration' (Presidential Review Commission, 1998:pages unnumbered), the apartheid bureaucracy was pronounced incompatible with the visions, values and aspirations of the new democratic government, namely

[A] public service which is representative, coherent, transparent, efficient, effective, accountable and responsive to the needs of all ... characterised by equity, quality, timeousness and a strong code of ethics' (Ministry of Public Service and Administration, 1995:pages unnumbered)

This vision is juxtaposed against the apartheid administration, which was reportedly characterised by over-centralised, hierarchical and rule-bound systems where:

- Decision-making is diffused;
- Focus is on inputs rather than outcomes;
- Value for money is not encouraged;
- Innovation and creativity are not rewarded;
- Uniformity is rewarded above effectiveness and responsiveness; and
- Inward-looking, inflexible attitudes, which are at odds with the visions of a public service, are encouraged (Ministry of Public Service and Administration, 1997).

It is well known that under apartheid the system of service provision was discriminatory and exclusionary, particularly towards the majority of black² South Africans (Ministry of Public Service and Administration, 1995). Racial and gender discrimination were particularly pronounced in services like housing, education and social pension entitlements. This is enough to understand why the ultimate goal of the South African transformation programme is, as if to heed Kroukamp's (2003) warning, to improve service delivery. As Mokgoro (2003:4) also notes,

A transformed South African public service will be judged by one criterion above all: its effectiveness in delivering services which meet the basic needs of all South African citizens.

In many parts of the public service corruption and mismanagement were widespread (Ministry of Public Service and Administration, 1995) – no doubt facilitated by the fact that the eleven administrations had different accounting and financial systems (Presidential Review Commission, 1998). In its 2001 Report on the State of the Public Service, the PSC also notes that '[t]he apartheid state created

² The term was used to refer to African, Indian and so-called Colored communities.

opportunities for corruption and mismanagement in a highly fragmented and repressive system' (PSC, 2001:3). Enhanced accountability has been one of the explicit aims of all new public management reforms' (Ormond & Löffler, 1998). In the literature however controlling corruption is not usually put forwardly explicitly as a reason why the pioneers of the new public management embarked on their reforms (Polidano, 1999).

It is however precisely the problem most developing countries aim to address when NPM reforms are introduced. Clear accountability is usually associated with decreasing dangers of corruptive practices (von Maravic & Reichard, 2003). Some commentators have noted that, 'it is no co-incidence that the countries where the new public management has come the furthest are, as a whole, the least-corrupt political systems in the world' (von Maravic & Reichard, 2003:87). New Zealand, a nation that is thought to have the most wide-scale adoption of NPM programmes, also has one of the most corruption-free political environment according to Transparency International (DeLeon & Green, 2000). NPM thought thus, among other things, purports to increase the accountability of administration while improving its efficiency – the two issues most reforms in developing countries actually focus on.

Transformation and administrative reform in democratic South Africa were thus fundamentally informed by these reform goals. The content of transformation and administrative reform were also shaped significantly by observing a system, which

the ANC government did not want to emulate (Ministry of Public Service and Administration, 2007). Among the priority areas identified to realise the new government's aspirations was

[T]ransforming service delivery to meet basic needs and redress past imbalances; rationalisation and restructuring to ensure a unified, integrated and leaner public service; and institution building and management reforms to promote greater accountability and organisational and managerial effectiveness' (Presidential Review Commission, 1998:pages unnumbered).

Thus, while the conceptualisation of transformation and administrative reform varied across the public service (Presidential Review Commission, 1998), there seemed to be convergence in emphasis on legislative, policy and other guidelines aimed at quality and professional service delivery as well as increased accountability. These guidelines included the Constitution of the Republic of South Africa (1996), the *White Paper on the Transformation of the Public Service* (Ministry of Public Service and Administration, 1995), and the *White Paper on Transforming Public Service Delivery* (1997), also known as *Batho Pele* (a Sesotho term for 'people first'). These have been touted to be in accordance with modern and international 'best-practice' trends. This may have been slightly overstated but these guidelines have certainly been influential. The Constitution influences the organisation and functioning of many leading sectors within the public service thereby stipulating how public administration should function. For instance it states that,

- A high standard of professional ethics be promoted and maintained;
- Services be provided fairly, equitably, and without bias;
- Resources be utilised efficiently, economically and efficiently;

- People's needs be responded to;
- The public be encouraged to participate in policy-making; and
- [Public administration] be accountable, transparent and development-oriented.

These are the values, which the South African PSC (PSC) uses as a yardstick for measuring the performance of the South African public service. The Ministry of Public Administration on the other hand was envisaged as 'a policy framework to guide the introduction and implementation of new policies and legislation aimed at transforming the South African public service' (Ministry of Public Administration, 1995:pages unnumbered).

Another noteworthy document of this era was the *Report of the Presidential Review Commission on the Reform and Transformation of the Public Service in South Africa* (1998). The use of international specialists drawn from the Commonwealth was an important part of the Report's methodology and this afforded the Commission an opportunity to engage with then current 'best practice' and international perspectives on Public Management Reform. Many of its proposals however seem not to have been adopted, particularly those relating to the re-configuration of ministries.

Cameron (2005) on the other hand notes that the Commission recommendations were adopted in principle, which meant the adoption of some NPM ideas. Throughout the transformation and administrative process, the South African government claimed cognisance of the different broad models of public

management, to follow and adapt to the South African situation, ranging 'from traditional bureaucratic models to neo-liberal models of public choice, based on the restructuring and contracting-out of state services' (Ministry of Public Service and Administration, 1995:pages unnumbered). While government professed to champion a model or approach known as the Strategic Change Management Approach (Ministry of Public Service and Administration, 1995), which was proclaimed an alternative to the 'traditional bureaucratic models or neoliberal models based on the restructuring and increasing contracting-out of state services' (Presidential Review Commission, 1998: pages unnumbered), there were a number of administrative reforms and management tools that appeared to resonate with the NPM doctrine, namely rightsizing, the strengthening of managerial responsibility, the redefinition of the citizen as a 'customer' and alternative service delivery methods.

The *White Paper on the Transformation of Public Service Delivery* also notes that 'these tools are, broadly, the tools of the 'new public service management' (Ministry of Public Service and Administration, 1997:pages unnumbered). These tools are examined individually, with respect to the public service, whose remit excludes local government and parastatals. The intention is to highlight both the content of each tool and the experience with its implementation.

3.3. Rightsizing

Following the rationalisation process, which, as already noted, entailed fitting fifteen administrations made up of 195 departments into ten new administrations via the National Departments and the 9 Provincial Administrations, 'there was a greater number of people in the employ of the new government than were realistically required to ensure effective administration and the provision of services' (Fifield, 1998:389). So the challenge was 'the need to ensure that the size of the Public Service is consistent with its functional responsibilities' (Skweyiya, 1998:pages unnumbered).

This was the Commission's interpretation of the spirit of the WPTPSD, which envisaged 'determining the right size for a productive public service, involving the re-prioritisation and optimal allocation of human and other resources' (Presidential Review Commission, 1998:pages unnumbered). It had been reasoned that 'the total number of public servants in South Africa, at about 1 per 30 inhabitants, is extremely high in relation to other countries at a comparative stage in their economic growth' (Ministry of Public Service and Administration, 1995:pages unnumbered). Consequently, 'the greater part of the national consumption budget was devoted to the salaries, wages and benefits of public servants' (Ministry of Public Service and Administration, 1995: pages unnumbered).

Rightsizing was therefore an expression of government's commitment 'to reducing public expenditure as a proportion of Gross Domestic Product (GDP), and in particular ... the wage bill as a proportion of total public service consumption

expenditure' (Ministry of Public Service and Administration, 1995: pages unnumbered). Along with the integration of South Africa's eleven former administrations, the TBVC³ 'states' and 'self-governing' territories into a unified public service, rightsizing was also a short-term outcome of government's longer-term goal of 'creating a leaner and more cost-effective public service' (Ministry of Public Service and Administration, 1995: pages unnumbered). A smaller public service would in turn enable the state to compete with private sector salaries. Also worth noting is that rightsizing was not just endogeneously induced, but

Also encouraged by global trends towards rightsizing, privatisation and the achievement of greater competitiveness, quality, efficiency, and cost-effectiveness in public service provision (Presidential Review Commission, 1998:pages unnumbered).

Rightsizing was not an uncontroversial process, though its main critique appeared to have less qualms with the substance than with the apparent lack of appropriate planning around its implementation. Even government would later admit that the rightsizing exercise had been 'ad hoc, poorly coordinated and communicated, and ineffectively implemented' (Presidential Review Commission, 1998:pages unnumbered). Zola Skweyiya, then minister of public service and administration, for instance acknowledged that rightsizing had

Largely failed to meet its original objectives and [had instead] resulted in a number of unintended adverse consequences for service delivery, staff morale, and the transformation process more generally (Skweyiya, 1998:pages unnumbered).

³ These were Transkei, Bophuthatswana, Venda, and Ciskei

While rightsizing was to entail downsizing in some departments and upsizing in others, the quest for a leaner more cost-effective public service meant that downsizing would predominate. In this sense rightsizing became a euphemism for downsizing. In terms of definition, rightsizing

[C]onnotes a process where, as a result of structural review and the establishment of manning levels and skills requirement of an organization, the organization ensures staff deployment based on the right mix of skills in numbers that will engender professional efficiency. The resulting staff nominal roll may increase or decrease (Bureau of Public Service Reforms, 2009:pages unnumbered)

Downsizing on the other hand

[R]efers to a process where, the number of employees in an organization is reduced to a desired point based on such considerations as cost-saving, space utilization, manpower efficiency etc. It may not necessarily achieve rightsizing (Bureau of Public Service Reforms, 2009:pages unnumbered).

Between March 1995 and March 1998 a perceptible reduction in the size of the public service was recorded (Table 3), apparently following the introduction of 'voluntary severance packages, natural attrition, and the partial eradication of "ghosting", which is the corrupt practice of padding the staff with fictitious employees' (Schwella, 2001:379). However, with regard to Voluntary Severance Packages and "ghosting" respectively, the Provincial Review Report notes that the reduction was less than hoped for:

The Voluntary Severance Package has not reduced the numbers sufficiently in the Public Service. It has led to many skilled and capable people leaving the Public Service. Prescripts and directives were not properly followed by departments and provinces in managing the voluntary severance ... Throughout the country, whilst effort has been made to reduce the numbers of ghost workers, much still needs to be done, and many still remain on the

payroll of some provinces. (Ministry of Public Service & Administration, 1997:pages unnumbered).

Table 3: Employment Trends: March 1995 - March 1998

	<i>Mar-95</i>	<i>Mar-96</i>	<i>Apr-97</i>	<i>Mar-98</i>
National departments	414,991	406,349	345,090	335,886
Provinces	855,121	847,733	829,095	810,335
Statutory bodies	5,532	5,532	5,552	4,982
Total	1,275,644	1,259,614	1,179,737	1,151,203
Change in numbers		-16,030	-79,877	-28,534
Percentage change		-1.3	-6.3	-2.4
Cumulative change since 1995			-95,907	-124,441
Percentage change			-7.5	-9.8

Source: (Schwella, 2001)

While the reduction was less than hoped for, it was argued that it at least enabled South Africa to avoid the post-liberation growth in the public service characteristic of many African countries (Schwella, 2001). Government's own research would later confirm this trend, noting that '[o]verall the numbers of civil servants have been decreasing from 1.2 million in 1994 to just over 1 million in 2001' (The Presidency, 2003:12). By 2002, the public service had shrunk by 15% since 1994, 'mostly as a result of attrition in low-level jobs, particularly in forestry and construction' (PSC, 2002:20).

Considering that downsizing was not meant primarily to reduce the number of government employees but to generate budgets savings from a reduced wagebill, even the achieved reduction might have been a pyrrhic victory given the exorbitant costs of compensating retrenched staff. Furthermore, it was more often the case

than not that those personnel whom the public service would have liked to retain requested to be retrenched, whilst others who could not be gainfully utilised did not apply for Voluntary Severance Package System (VSP) (Fifield, 1998). The fact that many skilled and well-trained staff took severance packages also meant that the public service was left with untrained officials who were not exposed to such things as handling complex contracts. The outflow of well-skilled and competent staff created a vacuum, which enhanced the potential grounds for corruption, the misappropriation of public funds and the poor monitoring of public contracts (Fourie, 1998).

Recent data also indicates that employment trends actually increased in number, that is from 2001 onwards. In *Towards a Fifteen Year Review* the Presidency (2008:14) finds that

Public-service employment declined from 1,2 million in 1994 to about one million in 2001, during the period of rationalization and integration, but increased again from around 2002. By 2007, it had increased to about 1,1 million.

Table 4 below captures this trend.

Table 4: Public service employment trends: Sep 95 - March 08

Date	Race white	Race black	Grand total
Sep-95	312,772	954,994	1,267,766
Sep-95 %	24.7	75.3	
Dec-01	158,225	873,369	1,031,594
Dec-01 %	15.3	84.7	
Mar-08	131,703	1,072,822	1,204,525
Mar-08 %	10.9	89.1	

Source: (Cameron & Milne, 2008)

Cameron and Milne argue that this subsequent increase in the number of public servants (by about 170,000) – which is however still a bit less than the original size of the public service in 1995 – ‘coincided with a partial retreat from New Public Management and a move towards strengthening the core apparatus of a government of what was now a development state’ (p.13). This is consistent with NPM decline thesis espoused in this study’s introductory chapter. As the increase has largely been in the areas of Health and Safety and Security it also reflects on government’s concerted effort to grow the public services in these areas (Ministry of Public Service and Administration, 2007).

3.4. Devolution of managerial responsibility

NPM thought, among other things, purports to increase the accountability of administration while improving its efficiency – the two issues most reforms in developing countries actually focus on (Morgan, 1996). Efficiency is thought to result from, among other things, giving more authority to public sector managers over operations including budgeting, purchasing and personnel (Therkildsen, 2001). This is based on the ‘notion that public sector managers are hampered by rules and regulations and have few if any incentives to take risks and to be innovative and service oriented’ (Therkildsen, 2001).

The ‘unleashing’ of public sector managers is also believed to enhance accountability, based on the argument that

Transparency, translated into clear and explicit managerial targets combined with increased managerial autonomy and incentives to perform makes it easier to establish the basis for managerial accountability and to achieve outputs ... (Therkildsen, 2001:27).

Managerial accountability, the argument goes, leads to political accountability as it enables politicians to monitor the extent to which targets are met and thus hold managers accountable for their performance or lack thereof (Therkildsen, 2001). Increased political and managerial accountability in turn entails decreasing dangers of corruptive practices, which impacts positively on 'efficiency' - if it can be demonstrated that political and administrative corruption proves 'inefficient' by distracting from the 'cost-efficient operations of government' (DeLeon & Green, 2000: pages unnumbered).

The relaxing of rules, decentralisation of authority and increasing the discretion of public sector managers – also known as deregulation – is thus among NPM's recommended courses of action (Kaboolian, 1998). As already hinted, central to this move is the idea that,

'line management must be free to exercise authority over resources and personnel in pursuit of their mission ... [and] not be centrally regulated by functional authorities with mandates to impose rules and directives with respect to financial management and personnel management' (Aucoin, 1990:123).

The devolution of managerial responsibility in the South African public service is inscribed in the White Paper on the Transformation of Public Service Delivery (1997), which provides for:

- Assignment to individual managers of responsibility of delivering specific results for a specified level of resources and for obtaining value for money in the use of those resources;
- Individual responsibility for results matched by with managerial authority for decisions about how resources should be used;
- Delegation of managerial responsibility and authority to the lowest possible level; and
- Transparency about the results achieved and resources consumed

Deregulation was also more pronounced in matters relating to the budget, financial management, and human resources. Details of the latter are set out in the Department of Public Service and Administration's *White Paper on Human Resources Management in the Public Service* (1977). Necessitating this policy shift was the need to replace the

[E]xcessive centralism of the [then] current system of public administration with an approach that permits maximum department autonomy and managerial responsibility within a coherent public service [as well as create] a systematic approach to accountability in which indicators are developed for measuring, monitoring and evaluating the quality of performance of institutions and employees (Presidential Review Commission, 1998:pages unnumbered).

Technical efficiency, that is, achieving maximum outputs at the lowest possible cost, was also an important consideration in this shift, the purpose being to afford managers the power to make decisions about allocating financial resources, hiring and firing of employees, as well as decisions relating to procurement issues. The logic here 'rests on the assumption that line managers are best positioned to secure efficiency, economy and effectiveness in public management and that, freed from the obstacles of regulations, they will produce results' (Aucoin, 1990:132).

It was further argued that centralised financial control in the previous dispensation appeared to have 'absolved departmental managers from accountability for performance' (Presidential Review Commission, 1998:pages unnumbered). Maserumulue (2007) argues that the Constitution of 1996, which came into effect on 4 February 1997, legitimated the managerial approach to public administration:

The Constitution of 1996 legitimated the evolving political consensus on the new model for state administration embedded in the imperatives of managerial approach to public administration. In order to give effect to the Constitution of 1996 regarding legitimating of the new model for state administration, Public Service Laws Amendment Act 47 of 1997 was promulgated (Maserumule, 2007:159).

To provide the necessary incentive for managers, and Head of Departments in particular, to exercise the managerial responsibility effectively and accountably, a move towards performance-related contracts was thought to be pivotal. In this regard public service regulations went into effect in early 1998 and form the basis for establishing performance contract between ministers and their chief executives (Therkildsen, 2001). A Performance Management and Development System for Senior Management Services members has been established. The PSC (PSC) drives the government's system of performance management for Heads of Departments.

This shift towards the empowerment of managers, or managerialism, has been criticised for stoking tensions between politicians and bureaucrats. Commenting on the political administrative interface at provincial level, the Provincial Review Report on South Africa's nine provinces in 1997 concludes:

Political interference hampers the administration of provincial departments throughout the country. There is a poor definition of the different roles of politicians and administrators (Ministry of Public Service & Administration, 1997: pages unnumbered).

Chipkin (2002) by contrast points out that under managerialism bureaucrats are in effect less accountable to their political charges than to the National Treasury. Which 'grants to the senior members of the bureaucracy a high degree of autonomy vis-à-vis their ministers' (Chipkin, 2002:7). Chipkin gives a historical sense of this dynamic:

This is evident in the strained relationship between the Director General (Robinson Ramaite) and his minister (Geraldine-Fraser Moleketi). There are reports of officials failing to send memoranda intended for Cabinet timeously for such meetings. Hence Cabinet ministers are inadequately prepared to discuss their content. An interviewee of this paper went so far as to suggest that the new managerialism opens up the executive to a 'coup-type situation' (2002:7).

Which explains why Fraser-Moleketi felt strongly about 'resisting a situation where managerialism runs rampant with public managers showing impunity to those who have the legitimacy that democratic election bestows on them' (Fraser-Moleketi, 2003:pages unnumbered). The former minister was also critical of what she perceived as managerialism's use of financial accountability as the sole consideration in determining managerial accountability:

We are resisting a situation where financial accountability is the only accountability that managers assume or that financial accountability is embraced disproportionately to other considerations. Accountability goes much further and over a much broader terrain (Fraser-Moleketi, 2003:pages unnumbered).

It is worth noting that the political-administrative tension between Fraser-Moleketi

and Ramaite was not an isolated instance. There were number of other reported instances of conflict between Directors-General and Ministers, particularly during the first ten years of democratic rule, that is, 1994-2004 (Maserumule, 2007), which seemed to connote a crisis at the political administrative interface.

The conflict-ridden relationships between former minister of Public Works, Jeff Radebe and his then Director-General, Van Robbroek; the case of the former director-general of the Department of Constitutional Development and Local Government Neil Barnard and the former minister of the same Department, Valli Moosa; and the case of former director-general of the Department of Home Affairs, Billy Masetla, and former minister of the same Department, Mangosuthu Buthelezi, are well documented. All these instances occurred in the context of the shift to managerial autonomy. It could thus be speculated that these conflicts may have resulted from,

[T]he introduction of the new model for state administration, which gave the directors-general more latitude and extensive power in the management of their departments, but in a policy vacuum, was mainly the cause of conflicts between them and their ministers during the period 1996–1998 (Maserumule, 2007:160).

Also commenting on the managerial approach the PSC has observed:

Critics of this model argue that the political leadership rarely has the capacity to define, monitor and enforce targets, precisely. In these circumstance the managerial approach gives managers extraordinary discretion and corruption or incompetence can creep in (PSC, 2002:17).

Apparently corruption can also creep in when 'inexperienced and not sufficiently trained ... managers ... 'all of a sudden' [had] to bear financial and managerial responsibility for public money in an environment of market competition, risk and uncertainty' (von Maravic & Reichard, 2003:10). In its 2006 State of the Public Service Report, the PSC also finds that employees who had committed the highest number of financial misconduct transgressions are those who are usually placed in supervisory positions for the first time. Which speaks 'to their lack of capacity to exercise the managerial responsibility placed upon them' (PSC, 2006:22).

This is perhaps why the Batho Pele White Paper stresses managerial 'transparency about the results achieved and the resources consumed (1997: pages unnumbered).' However the challenge of holding empowered managers accountable is among the issues that remain unresolved within the NPM discourse (Balogun, 2003). Paradoxically, the devolution of managerial responsibility was precisely to address the issue of managerial accountability for performance by objectives. As Maserumule (2007:155) trenchantly notes:

The managerial approach to public administration puts more emphasis on institutional outcomes rather than bureaucratic procedures and regulations. It accentuates decentralisation of responsibilities in the public service, delegation of authority, modernisation of the operations of government, and accountability for performance.

The introduction of the managerial approach has thus elicited contradictory views. On the one hand is those analysts who think that it has made ministers more powerful by giving them power to fire and hire directors-general, thus encouraging political loyalty. On the other hand the approach is seen to have encouraged

managerial discretion, which fosters corrupt practices and other general abuses of power. These apparently contradictory views on the effects of introducing the managerial approach in the public service are symptomatic and reflective of the conflicting precepts of the Public Finance Management Act of 1999 on the one hand, which

[P]uts more emphasis on the responsibility of managers, directors-general in particular, to manage innovatively with a view to improve public service delivery [and] actually makes a provision in its Chapter 10 for heavily punishing managers who abrogate their responsibilities to manage (Maserumule, 2007:161).

The Public Service Regulations, which were also published and came to effect in 1999, by contrast 'empowered ministers to create and abolish posts, recruit, appoint, transfer, and discharge employees' (Maserumule, 2007:161). This obviously includes directors-general. The PSC advances an identical argument:

[T]he Public Service Regulations give powers to politicians to manage career incidents (human resource management) of public servants, whilst the PMFA [Public Finance Management Act] assigns responsibility for financial management to heads of department' (PSC, 2001:21).

The effect of these two legislations was thus to equally empower a top public servant on the one hand, and a minister on the other, and as Maserumule (2007:161) once again observes:

When two equally empowered influential figures in the administration of government departments have different sense of what need to be done, conflicts would naturally arise.

3.5. Greater emphasis on service

The intended effect of this reform is primarily the empowerment of citizens, which means regarding people as consumers and customers (Therkildsen, 2001). This is shaped by the notion that 'citizens are "clients," mere recipients of public services who do not have to be actively engaged in the process of deciding what those services should be' (Dunn & Miller, 2007:347). Defining citizens who interact with public sector organisations as consumers and customers is seen as progressive (Ehsan & Naz, 2003) and modern, and '[f]orms of tangible reward for being 'in fashion' are [known] to be commonplace' (Pollitt, 2001:944). In South Africa, this view of citizens as customers is crystallised in the previously mentioned Batho Pele White Paper (1997), which

[S]eeks to introduce a fresh approach to service delivery: an approach which puts pressure on systems, procedures, attitudes and behaviour within the Public Service and reorients them in the customer's favour ... and involves a framework for the delivery of public services which treats citizens more like customers ... A framework which frees up the energy and commitment of public servants to introduce more customer-focused ways of working (Ministry of Public Service and Administration, 1997: pages unnumbered).

The Batho Pele⁴ initiative draws heavily from the UK White Paper on Efficiency and Effectiveness, published in 1982, and in this sense it is part of the new public

⁴ The Batho Pele initiative also espouses principles that are similar to its UK counterpart, namely:

- Consultation: Citizens should be consulted about the level and quality of the public services they receive, and wherever possible, should be given choice about the services they are offered
- Service standards: Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect
- Access: All citizens should have equal access to the services to which they are entitled
- Courtesy: Citizens should be treated with courtesy and consideration
- Information: Citizens should be given full, accurate information about the public services they are entitled to receive
- Openness and transparency: Citizens should be told how national and provincial departments are run, how much they cost and who is in charge

management movement.

As Fraser-Moleketi (2006:62) notes:

There is a need to distinguish between the 'macro' and 'micro' dimensions of reform and acknowledge that NPM has influenced the 'micro' dimension notably on account of its focus on the three E's, but also on the basis of the philosophy of 'putting the citizens first' which underpinned the movement in favour of 'citizens charters' in Britain in particular.

Noting the apparent inappropriateness of the concept of the citizen as a 'customer' in the context of the public sector where, unlike in genuinely competitive markets, citizens cannot choose to take their business elsewhere in the event of their needs not being met, the Batho Pele White Paper goes on to argue that,

'Customer' is nevertheless a useful term in the context of improving service delivery because it embraces certain principles which are as fundamental to public service delivery as they are to the provision of services for commercial gain ... The term 'customer' will therefore be useful in taking forward the *Batho Pele* initiative (1997: pages unnumbered).

The import therefore is that the use of the term should not raise undue concern.

Some commentators however have called for closer scrutiny of the idea of public service customer service. Fountain (2001:56) entreats:

The growing replacement of the term "citizen" with "customer" and the idea that government agencies should be "customer-focused" – that is, that public managers should view their clients as customers and serve them using management concepts drawn from effective private sector firms – demands close scrutiny.

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- Redress: If the promised standard of service is not received, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response
 - Value for money: Public services should be provided economically and efficiently in order to give citizens the best possible value for money (Batho Pele, 1997)

While acknowledging that enhanced customer service may improve some aspects of service production and delivery, Fountain (2001) identifies some key challenges related to the customer concept in the context of the public service. The first is the problem of the identity of the customer in the public sector, and the second is the impossibility of defining meaningfully the upper bounds of effective customer service in the absence of prices. The first problem is well-known and even the Batho Pele White Paper notes that identifying the customer 'is not as straightforward as it may appear' (1997: pages unnumbered).

Fountain's arguments are primarily a response to the American National Performance Review, or Gore's Report, as it is sometimes called. This Report was 'the foundation of federal government reform and modernisation during the Clinton administration' (Fountain, 2001:71). However it may be relevant to the Batho Pele initiative since there are some striking similarities between the two reform efforts. For instance both policy documents mandate agencies and departments to identify their customers, survey them on a regular basis to develop standards and measures of performance, benchmark their performance, and develop customer service standards.

There are a number of reported weaknesses in putting the Batho Pele principles to practice, including poor senior management involvement in the monitoring of implementation, and lack of public involvement in the enforcement of the principles (The Presidency, 2003). In other words, the Batho Pele initiative

assumed the existence of a 'confident citizenry that holds officials to account without fear of reprisals ...' (The Presidency, 2003:13). The results of a qualitative survey, encapsulated below, into the subject feelings of Public Servants towards the Batho Pele policy and its implementation are also instructive. The survey sample was drawn from the Departments of Health and Social Development. The findings were as follows:

- All respondents knew of the policy but had a reasonable to poor knowledge of its content and purpose, especially for those at a middle manager level. This is despite the fact that very few of them have been on any sort of an information workshop to brief them
- Where the policy had been communicated, the mediums used were through workshops and posters/pamphlets. Communication seems to have been done as a once-off exercise and was poorest at middle manager level. Managers do not seem to have participated in communicating Batho Pele to external stakeholders
- No respondents had taken place in a cultural change project relating to Batho Pele or knew of one. This corroborates anecdotal evidence and the findings of the PSC compliance audit
- Little attention is being paid to improving internal customer service or re-engineering internal services. Despite apparent commitment to the Batho Pele principles at the highest level, there is little being done to address internal obstacles to improved service. In particular, a number of respondents cited (a) The prolonged time it takes to fill posts. Delays of six months seem to be common place, which puts increased pressure to bear on the remaining incumbents (b) The financial control system is better suited to control expenditure rather than to 'invest' funds to improve delivery systems
- There are a few incentives to improve service delivery. It is expected that the performance management system may remedy this for senior managers, but it is not known when this will filter down to more junior managers
- The majority of respondents feel that they are not given recognition or acknowledgement for service delivery improvement efforts. Furthermore, a number feel that they are not part of planning improvement efforts. These feelings are indicative of a high level of vertical solitude and can be expected to have a negative effect on worker motivation. Surveys on the determinants of employee motivation should be included in future efforts to apply a culture change model to the implementation of the Batho Pele policy

- Supervisors of middle managers encourage their subordinates primarily through the setting of standards
- Generally the factors that prevent middle managers from implementing the Batho Pele policy are lack of resources, lack of communication and heavy workloads (Mokgoro, 2003:11-12)

These findings are consistent with the findings of the PSC's 2002 survey, which sought to establish the extent to which government departments were Batho Pele compliant. The Survey drew the following conclusions:

- The public service was lacking in skills necessary for the application of Batho Pele principles;
- The service delivery transformation programme was seen as separate from the day-to-day business of departments;
- Demands for improved, as well as well as new services were imposed on service delivery units without the consideration of cost implications;
- Batho Pele was a mere list of principles, without any indication of implementation;
- The Batho Pele policy had not impacted on the daily tasks of front-line personnel;
- "Batho Pele" had not been integrated with performance management strategic plans (Mokgoro, 2003:12)

These conclusions were not so much different from those derived from the PSC's first comprehensive survey of the Batho Pele initiative, undertaken in June 2000. Six national departments and five provincial departments were surveyed from a total of 130 departments (national and provincial combined). Conclusions of the survey were as follows:

- Not enough is being done to consult public service customers about their needs. School governing bodies and community policing forums are most advanced but these remain fragile and in need of support.
- All departments should establish and use proper formal consultative bodies and resource them as necessary.
- Service standards are generally not displayed and users of services are not aware of what standards they should be demanding.

- Basic service standards must be displayed in all public areas of public services buildings.
- There is not equal access to public services with a wide range of local and regional variations in terms of quality and coverage
- Every department must make a clear commitment to improve access to services particularly those that are seen as human rights, complete with improvement targets and resources where necessary.
- Ensuring courtesy is one of the basic and achievable principle, yet is very important to public service customers. Departments must regularly undertake customer satisfaction surveys as part of an integrated monitoring and evaluation strategy. Such surveys should place strong emphasis on courtesy.
- There is a clear link between consultation and information principles
- Basic efforts have been made to provide information, though more needs to be done to move beyond mere contact lists.
- Departmental Annual Reports should follow a prescribed format that should provide consistent comparable data. This format has been prescribed by the PSC in its recently released report on Government Annual Reports.
- Limited efforts have been made to provide complaint handling facilities.
- Very few departments undertake meaningful analysis of their performance.
- There is a clear need to undertake close examination of the possibilities of providing services in new ways (alternative service delivery options (PSC, 2002)

As a former Minister of Public Service and Administration, Fraser-Moleketi's (2006:70) observation is also instructive:

In spite of the intent of the policy and notwithstanding its official launch in 1997 the policy struggled to be fully integrated into the mainstream of public sector reform. It was initially treated as separate of, and in addition to, the core change management efforts and transformation of the public service machinery, in parts of the South African administrative system. The Batho Pele programme was not equally embraced and internalised by government departments across the national and provincial departments and hence the need for the repeated "revitalisation of [the] Batho Pele Strategy" or re-thinking the implementation of this policy, e.g. 2001 and 2004. In parts of the administrative system, it was treated as an 'add on' to the core programmes of government departments rather than the catalyst ensuring the implementation of those programmes within a changed service delivery ethos.

Nothing captures better the generally lacklustre approach of the public service workforce towards the Batho Pele initiative.

3.6. Alternative Service Delivery (ASD)

Governments externalise public services for a number of reasons. Firstly, the contractor may be able to provide a similar or higher quality service at a lower cost than government. Secondly, the contractor have skills, capacity or resources not available to the government. Thirdly, the service to be externalised may not be a core competency of government. And finally, a specific government department may wish to contract out a service in order to focus its efforts on other specific priorities (Fourie, 1998). Defined as 'a creative and dynamic process of public sector restructuring that improves the delivery of services to clients by sharing governance functions with individuals, community groups and other government entities' (Ford & Zussman, 1997:6), alternative service delivery (ASD) is part of the NPM drive to increase service delivery efficiency, quality and/or extent of the services delivered. ASD is a uniquely Canadian term that has gained ascendancy as a worldwide phenomenon (Wilkins, undated). It has been argued that:

The contemporary state, especially in Africa, simply does not have access to the financial and human resources to provide the services demanded to improve the living conditions of the poor and the indigent. Therefore, governments are compelled to cooperate with business or the private sector to assist in the provision of services (Thornhill, undated: pages unnumbered).

The underlying rationale, once again, is that the public sector does not have the human or financial resources to do what is required, because 'governments, by their very nature, are prone to an element of failure in the delivery of services,

resulting in inefficient, costly, and often poor quality services (Fourie, 1998:237). The corrective to this perceived problem is thought to be the private sector, which presumably

[G]enerates efficiency gains through cost reductions and improvements in the delivery of services as a result of advantages over the public sector in such areas as specialised and functional expertise, productivity of resources, flexibility, responsiveness, and access to new technology and innovations' (Fourie, 1998:237)

The enormity and complexity of the challenge facing public service in South Africa (PSC, 2002) provided compelling motivation for government to consider alternative forms of service delivery. As will be seen later, the assumption that the public sector can benefit from private sector capacity is apparently not always justified (Freysen, 1998). Discussed alternative service delivery mechanisms are privatisation, corporatisation and public-private partnerships.

3.6.1. Privatisation

'Privatisation' is a multi-faceted term. It can be associated with a transfer from public to private ownership (sale of public enterprises, sale of assets or shares) or it can refer to all measures that tend to reinforce the role of the private sector (deregulation, liberalisation, restructuring, management contracts, leasing contracts) in the operation of enterprises (Dème, 1997). In either case privatisation essentially entails 'directing the allocation of government goods and services to outside firms' (Ehsan & Naz, 2003:38). In other words, a public service or facility is transferred to the private sector, usually with ownership, for it to be managed in accordance with market forces (Farlam, 2005). The Congress of South African Trade Unions (Cosatu)

argues for a broader understanding of privatisation to include 'not only the open sale of state assets, but also other processes that turn state functions over to the private sector and the market' i.e.

- The sale or partial sale of state-owned assets and enterprises.
- The introduction of private competitors in sectors historically controlled by the state. This approach is argued to be effectively privatising part of an industry sectors, even if the state does not sell any assets - thus subjecting state interests to pressure to compete on the market, ultimately reducing their capacity to meet social needs.
- Relinquishing the management of state functions to private interests, such as outsourcing services from the public service. It also takes the form of contracting management of municipal services to private companies. In these cases the state does not necessarily sell assets, but they nonetheless fall under private control.
- The requirement that state functions operate on a commercial basis, in some cases registered under the Companies Act (COSATU, 2001: pages unnumbered).

In 1987, the White Paper on Privatisation and Restructuring spelled out the South African government's position on the issue (Jerome, 2004). Even before 1987 privatisation was widely experimented with, as exemplified in the privatisation of Sasol in 1979. The democratic government however has, in most cases, pursued partial privatisation and commercialisation, as pressure from trade unions rendered full privatisation untenable. This had very much to do with the fact that 'the position of the ANC has been anti-privatisation deriving from the Freedom Charter' (Jerome, 2004:7). Secondly, international sanctions made many multinational companies reluctant to buy South African companies (Jerome, 2004). As a result privatisation in South Africa has been arguably slow 'with few visible results and a general feeling among observers and donors that government's commitment to the process was generally half-hearted' (Jerome, 2004:1).

The South African form of privatisation involved the 'restructuring' of State Owned Enterprises (SOEs) in key economic sectors such as telecommunications, energy, defence and transport. Thus priority was given to the restructuring of Telkom, Eskom, Denel and Transnet respectively. Of the over 300 state-owned enterprises, which the post-apartheid government inherited, these four SOEs control 90 percent of the assets of the top 30 South African SOEs; provide 86 percent of the turnover and 94 percent of the net income earned by these top SOEs; and dominate the key strategic sectors of the economy with the potential to boost or undermine overall industrial economic policy and economic progress (Fourie, 2001).

Cited reasons for SOE restructuring include,

... improving the access of the historically disadvantaged to services such as telecommunications, and electricity, increasing efficiencies, and hence reducing costs; and using the revenues earned through the disposal of state assets to reduce public debt (The Presidency, 2003:38).

Fourie (2001:205) also notes that while the contribution of SOE's to the development of the country has been significant, they have been 'plagued by structural and operational problems, resulting in irregular and unequal patterns of development and an uneven delivery of services and infrastructure'. Fourie attributes these problems to traditional modes of operation and outdated management practices, which is perhaps why the restructuring began in earnest under the NPM dispensation – the idea being to sell off these underperforming assets to generate revenue, improve service delivery and reduce the managerial burden on the state (Farlam, 2005).

SOE restructuring reportedly 'led to the reduction in public debt by raising funds from the private sector, thereby reducing pressure on the fiscus and creating an environment for competition' (The Presidency, 2003:38). Public debt was reduced by R24 billion; an entrepreneur class was created, some industries were opened to competition and share-ownership widened (The Presidency, 2003). However, even the Presidency would admit that these 'benefits' came at a great cost, namely increased unemployment through the resultant job shedding, and actually increasing the size and complexity of government through the introduction of a wide range of regulatory bodies particularly in the sectors where SOE's had been restructured. There have particularly been no significant gains evident from the introduction of these regulatory bodies, as 'they are generally weak in relation to the corporations they are regulating' (The Presidency, 2003:39).

Fourie (2001:213) on the other hand is more cautious about associating the restructuring of South African SOEs with improved performance. He argues:

International experience is not conclusive about whether or not restructuring has a positive impact on performance since it is not always easy to distinguish between, and/or to isolate for meaningful assessment, the potentially most significant of the pre- and post-restructuring methods and practices.

3.6.2. Corporatisation

After privatisation and rightsizing, corporatisation – the conversion of the 'civil service into freestanding agencies or enterprises, whether within the civil service or outside it altogether' – has been the most common initiative, not just locally but also across the Commonwealth (Polidano, 1999:6). The NPM doctrine in essence

'prescribed that public agencies should be split up in small policy oversight boards and larger performance-based managed organization for service delivery' (Van Dooren, 2006:75). As an NPM-style reform, corporatisation often takes place 'as a means to achieve greater efficiency, cost savings or quality service improvements' (Polidano, 1999:9). The case for corporatisation has also been put forward as follows:

In the mid-1990's, an international consensus in development has emerged: democratisation, public sector downsizing, and economic deregulation are desirable goals in themselves, but they also reduce the extensive corruption in monopolistic state agencies (Riley, 1998:129).

Corporatisation however is not always necessarily an evidence of NPM-style reform as 'it can also take place simply for convenience, a way of freeing a particular public function from the constraints of civil service red tape' (Polidano, 1999:9). In South Africa however this reform became prominent during the introduction of NPM-type reforms. During the initial stages of the reform process, 60 public entities were created, compared to 10 in the decade before, employing an extra 288 983 people (The Presidency, 2003). By 2004 there were 336 public entities (Fraser-Moleketi, 2004). Operational autonomy and the implementation of commercial principles and practices were among the reasons for the creation of public entities (The Presidency, 2003).

As noted in the above section on privatisation, the proliferation of autonomous agencies has presented immense regulatory challenges, with government having

little control and supervision over their financial and managerial matters. In this regard, Public Service and Administration minister Geraldine Fraser-Moleketi notes,

The proliferation of these entities, all created under disparate legislation, need to be assessed and aligned so that these resources are better directed towards achievement of national priorities. Accordingly the accountability framework of PEs needs to reflect this aspect (Fraser-Moleketi, 2004: unnumbered).

Scholars who are in strong favour of corporatisation as a deterrent to corruption in monopolistic state agencies are also wary that '[e]conomic liberalisation can also create opportunities for corruption, through the sales of parastatals in dubious circumstances, and the creation of new, corrupt markets ...' (Riley, 1998:129). For Haque (2001:71) the move towards business-like agencies threatens the

[T]raditional mode of accountability based on a public scrutiny of public service activities through parliamentary debates, legislative committees, administrative tribunals and other democratic means.

3.6.3. Public-private partnerships (PPP)

PPP's in public administration and management have long been around, and have not only been a feature of NPM but also other public management systems. This section however looks at PPP's primarily from the NPM perspective, which means viewing the development of PPPs alongside the rise of the NPM.

Kernaghan (2004:195) notes that:

[I]t was not until the late 1980's that scholars paid serious attention to defining, classifying, and analysing the rapidly growing number of partnerships among public, private and not-for-profit organisations.

This is incidentally the same time that NPM gained favour in many Anglo-Saxon countries. In the South African context, PPP's are thought to be an alternative to 'the

politically contentious aspects of full privatisation’ (Farlam, 2005:1). While PPP’s are generally defined as a ‘partnership between the public sector and the private sector for the purpose of delivering a project or a service traditionally provided by the public sector’ (European Commission, 2003:16), in South Africa they are understood as:

A contract between a public sector institution and a private party, in which the private party assumes substantial financial, technical and operational in the design, financing, building and operation of a project (National Treasury, undated: pages unnumbered).

This is definition however describes a specific PPP configuration and, unlike the European Commission’s definition, is not a general definition that accomodates all possible PPP relationships – from minimal to maximal private sector involvement. There are usually three approaches to outsourcing public sector functions to the private sector. Firstly, there are service contracts where private sector companies are contracted, on a competitive basis and usually for relatively shorter periods of time, for the completion of specific tasks. In this approach the public sector gets to benefit from the techical expertise of the private sector, while strictly shouldering the management of service contracts and investment responsibilities (European Commission, 2003).

The second approach is management and operation contracts where the responsibility for asset and operation management is transferred from the public to the private sector. Unlike service contracts, these often extend for longer periods though they are still also relatively short term (European Commission, 2003). Here

the public sector also maintains responsibility for investment decisions. The final approach to outsourcing public sector functions to the private sector is through leasing, which provides 'a means for private firms to purchase the income streams generated by publicly owned assets in exchange for a fixed lease payment and the obligation to operate and maintain the assets' (European Commission, 2003:21).

The National Treasury's foregoing definition of a PPP is much closer to describing the leasing approach, where the commercial risk is transferred to the private sector, 'as the lessor's ability to derive a profit is linked with its ability to reduce operating costs, while still meeting designated service levels' (European Commission, 2003:21). Like under the service contract and operation and management contracts approaches, 'the responsibility for capital improvements and network expansion remains with the public sector owner' even though 'in certain cases the lessor may be responsible for specified types of repairs and rehabilitation' (European Commission, 2003:21). Lease agreements usually extend for much longer periods of time than service contracts or operation and management contracts.

All three approaches 'present opportunities for the private sector to participate in varying degrees in the maintenance, operation and management of infrastructure improvements' (European Commission, 2003:19) while the public sector still maintains the overall financial responsibility. However there are other PPP approaches where the public sector relinquishes to the private sector much of the control it typically has with traditional project delivery. In integrated PPP

partnerships such as the “build-operate-transfer” (BOT) system for instance there are more opportunities for the private sector to perform most of the functions traditionally undertaken by the private sector, though does not completely relieve public sector owners of the financing burden.

However, types of PPP arrangements that involve private sector financing of projects that would otherwise have been financed by the public sector also exist. Examples include concessions – agreements that ‘enable a private investment partner to finance, construct, and operate a revenue generating infrastructure improvement in exchange for the right to collect the associated revenues for a specified period of time’; private divestiture, which ‘involves the sale of assets or shares of a state-owned entity to the private sector’ (European Commission, 2003:24-25). This can either be a complete private divestiture where private investors acquire permanent ownership of a state utility with the state relinquishing all control, or partial private divestiture where ‘the government would retain ownership of a certain portion of the former public company’s assets’ (European Commission, 2003:25).

There are several other ways in which a PPP arrangement can be characterised including:

- *Sectoral basis* – partnerships with third sector organisations and civil society associations, with private business, with both business and the third sector;
- *Relationship basis* – loose network, collaborative, power-sharing, contractual;

- *Economic basis* – supply-side, demand-side or mixed demand/supply side partnerships;
- *Policy area* – policy objectives of partnerships (e.g. promoting economic productivity, empowering clients and the disadvantaged, tackling social inclusion); and
- *Scope* – vertical, horizontal and mixed partnerships (Bovaird, 2004).

In South Africa the tendency has been to see PPP's more on a sectoral basis, in particular partnerships with the privates sector. This is no doubt influenced by the NPM understanding of PPPs as a means to introduce alleged private sector efficiencies into the public service and counter the failures of government-owned utilities. These failures have been linked to a number of factors, including

[U]nder-pricing, low productivity, long queues and large portions of the population without access to basic services, lack of transparency, and damaging political interference in the operation of these ... entities (Jerome, 2004:2).

Among these private sector efficiencies is the idea competition, which in the NPM bible and based on traditional economic principles, provides the path to true enlightenment in the sense that resource allocation is allegedly most 'efficient' when 'arranged through markets in which potential suppliers compete with one another to cut costs and to attract customers by improving the quality of goods and services' (Bovaird, 2004: 204). The supposed efficiency gains of PPP's are among the sources of their criticisms.

However a key reason for the introduction of PPPs in the public sector, according to Bovaird (2004:203) is

[S]ometimes to set up an organisation which will focus on a single issue or a narrow range of problems, to get away from the problems of diffused focus

which bedevil many public sector agencies. [Which is somewhat paradoxical because] the desire to join up services across agencies to meet the holistic needs of clients may often drive in the opposite direction – making PPP's, as well as their constituent public and private partners, more aware of and sensitive to the multiple objectives which all public bodies and actions might achieve.

PPP's have been particularly popular in South Africa, as exemplified in the fairly extensive PPP projects government has undertaken since the mid-1990's particularly those relating to the development and operation of public infrastructure. The South African government is proud to announce that its public service delivery record has been enriched through PPPs and that its 'PPP project pipeline continues to grow, both in numbers and in the innovative value for money solutions it contains' (National Treasury, 2004:1). Government even set up a PPP unit within the National Treasury to oversee all PPPs at national and provincial government level, in line with the requirements of the Public Finance Management Act (PFMA) 1999 (Farlam, 2005).

Due to the usually complex nature of services undertaken with the PPP arrangement, there is greater latitude for manipulations by local and foreign firms or government officials (Farlam, 2005). Löffler (1999 in Bovaird, 2004) also suggests fragmentation of structures and processes, which in turn lead blurring of responsibilities and accountability, as a major problem associated with a partnership approach to public issues. Thus corruption can easily flourish with minimal detection. The Maputo Development Corridor for instance saw South Africa's former minister of Transport, Mac Maharaj resigning as the banking director

of FirstRand following an enquiry into allegations that he accepted gifts and payments of more than R500 000 from the now convicted ANC former fundraiser, Schabir Shaik, whose company was part of the winning N3 toll road consortium (West, 2003).

Some scholars have further argued that PPPs are often in favor of vested business interests rather than general public concerns, leading to the conclusion that 'public governance has become more accountable and responsive to the affluent business community rather than to common citizens' (Haque, 2000:605). Even under the traditional administration paradigm PPP's were vilified for diluting political control over decision-making (Bovaird, 2004).

PPP arrangements such as complete private divestitures, discussed earlier, can also be particularly sensitive (ideologically, legally, and constitutionally) especially when assets of national importance are involved (European Commission, 2003). The private sector's motivation for profit and the public sector's concern with efficiency improvement also introduce 'conflicts of interests with beneficiary governments which are committed to promoting equity and maximizing the well being of their citizens' (European Commission, 2003:31).

Seemingly cognisant of these PPP challenges, the South African government has, instead of abandoning this mode of service delivery, invested extensively in establishing mechanisms to regulate and have greater control and supervision over

PPPs. As will be discussed in the next chapter on the potentials of some NPM-inspired ideas, 'public benefit from PPP's will depend to a large degree on effective management and monitoring systems' (European Commission, 2003:13)

3.7. Chapter Summary

NPM in South Africa emerged against the backdrop of the administrative and political demise of apartheid in the early 1990s, as well as a growing emphasis on NPM-type reforms in the rest of the Commonwealth during the same period. In South Africa, as in most other countries, the emphasis of these reforms was on legislative, policy and other guidelines aimed at quality and professional service delivery as well as increased accountability. The Presidential Review Commission was a key actor in the birth and adoption of the NPM framework in South Africa.

Rightsizing, the strengthening of managerial responsibility, the redefinition of the citizen as a 'customer' and alternative service delivery methods were among the key NPM-inspired reforms. Rightsizing failed to bring about the expected reductions in the size of the civil service. The concept of the autonomous manager is criticised for increasing bureaucratic discretion and therefore facilitating bureaucratic corruption, as well as creating tensions between managers and politicians.

The Batho Pele policy framework, modelled after the UK White Paper on Efficiency and Effectiveness, embodied the redefinition of the citizen as a 'customer' concept. The focus on the 'customer' is criticised for excluding some groups and classes of

citizens, including low income households, which may diminish public confidence in governance. The South African government, during both the apartheid era and afterwards, has also experimented and continues to experiment with alternative service delivery methods such as privatisation, corporatisation, and public private partnerships.

Under the democratic dispensation full privatisation was not pursued due to pressure from trade unions. Commercialisation and restructuring of State Enterprises was a less threatening option, although this is also highly contested. Effects of this reform including increased unemployment due to job-shedding, as well as paradoxically expanding the state through the introduction of numerous regulatory bodies, which the restructuring necessitated. The latter effect was also experienced as a result of corporatisation.

Various types of Public-Private Partnership arrangements also present options for alternative service delivery. Opportunities for corruption in PPPs are also thought to abound. There are also criticisms about PPPs being a conduit for the interests of affluent business rather than general public concerns. The next chapter explores some conclusions that may be drawn from South Africa's experiences and experiments with the NPM.

CHAPTER FOUR

CONCLUDING ANALYSIS

4.1. Introduction

While a review of the literature indicates that NPM-type reforms are problematic and do fall far short of their promise, this should not automatically point to an intrinsic incompatibility of NPM with public service goals. Viewing NPM 'as an evolving process, one whose theory and practice is open for amendment and improvement' (DeLeon & Green, 2000: pages unnumbered), one must be open to the possibility that some NPM-related reforms may be usefully adapted to the South African public service context. To echo Larbi (1999:5),

While the new public management may not be a panacea for the problems of the public sector ... a careful and selective adaptation of some elements to selected sectors may be beneficial.

NPM reform failures may be less related to the content of the reforms than to the possibility that the South African public service may still be a long way from adapting and putting useful NPM ideas into practice. This chapter thus explores the possibilities that the negative consequences associated with NPM, as seen in the previous chapters, may have less to do with the content of the reforms than with the failure to interpret them in a way that is appropriate to the South African context. It thus takes a second look at some of the NPM-inspired ideas discussed in the previous chapter, in particular the devolution of managerial responsibility and the

Batho Pele initiative, and alternative service delivery mechanisms, Public-Private Partnerships in particular.

4.2. Devolution of Managerial Responsibility and the Batho Pele Initiative

It is easy to conclude from the cases discussed in the previous chapter that NPM-type reforms have failed and therefore not suitable for the South African public service. In fact a number of South African commentators do not entertain the possibility of successful NPM-type reform strategies. Mc Lennan (2007:3) for instance avers: '[t]he adoption of new public management techniques, strategies, and/or policies can undermine or weaken the state and negate any possibility of more effective delivery to the poor.'

Which makes Mc Lennan appear susceptible to the proverbial tendency of throwing the baby away with the bath water – the very tendency she cautions against (Mc Lennan, 2007). While not discounting the value of Mc Lennan's observations, there is evidence to suggest that the little success experienced with the reforms discussed above, particularly the devolution of managerial responsibility and the Batho Pele initiative, has less to do with the fact that they were NPM-type reforms than the apparent failure to put them to practice.

Mc Lennan herself for instance argues that 'public managers were (and still are) constrained ... They have very little say or control over staffing, budget priorities, spending or poor performance' (Mc Lennan, 2007:15). Thus while responsibilities

have been devolved, authority has not (Mc Lennan, 2007). This is contrary to the spirit and letter of the *Batho Pele* White Paper, which, as noted earlier, stipulates,

- Individual responsibility for results *matched with managerial authority for decisions about how resources should be used* [emphasis mine];
- Delegation of managerial responsibility and *authority* to the lowest possible level [emphasis mine].

Similarly there is evidence to suggest that putting into practice the *Batho Pele* initiative as embodied in the eight principles set out in the White Paper remains a big challenge, not only in the public service, but also in the public sector as a whole. Which seems to suggest that the problem may not so much be the *Batho Pele* policy framework than the absence of the fundamentals that would enable the policy to succeed. These fundamentals, according to Mokgoro (2003) include attitudes, beliefs, skills, structure, systems, and processes. Thus there is a need to strengthen and maintain the *Batho Pele* initiative, its NPM association notwithstanding.

4.3. Public-Private Partnerships

While a prescription readily promoted by international agencies, PPP's in South Africa present an opportunity and some recognised advantages, including the ability to raise extra finance in the country's environment of macro-economic constraints and budgetary restrictions. Financial shortages in the public sector and

the ability of PPP's to harness additional financial resources from the private sector are partly the reason why they developed in the first place (European Commission, 2003).

While not downplaying the concerns and criticisms of PPPs raised in the previous chapter, it would seem that the real question is not whether PPP's are legitimate, but which types of PPP are appropriate for which tasks and how to manage PPP's to increase public value (Bovaird, 2004). The PPP-related problems raised in the previous chapter seemingly may have less to do with the PPP as a concept than the failure of the public sector to exercise fully its important role of ensuring that PPPs are well managed and regulated throughout their design, construction and operation stages, and that contracts are monitored effectively so that contractual obligations are met, both in terms of quantity and timing. As the European Commission (2003) notes,

The effectiveness and impact of a PPP depends, to a large extent, on the regulatory mechanisms used to influence and guide the parties and in particular the private sector decision-making process ... Experience has shown that early development of conducive and consistent national legislative and regulatory structures greatly facilitates the identification, development and implementation of PPPs (pp. 38-39).

Similarly Argyriades, (2003), a staunch critic of NPM-type reforms, at least concedes:

[P]ublic-private 'partnerships' have worth only on condition that 'public', in such cases, is represented by strong and virtuous states, fully equipped with legal frameworks and served by dedicated, competent and principled officers (pp. 524-525).

However a prerequisite for effective legal and regulatory conditions crucial to the

success of PPP's is the existence of institutional structures, 'which both facilitate PPP development and provides clear boundaries to protect the interests of all parties' (European Commission, 2003:48). This is particularly important when the role and responsibilities of the public sector shift from direct service provision to management and monitoring (European Commission, 2003). The complexity of exercising oversight in the awarding, implementation and operation of PPP's like concession agreement has seen governments worldwide establishing 'dedicated, stand-alone state agencies or special purpose vehicles (SPV) with the sole responsibility of overseeing PPP projects' (European Commission, 2003:25). The National Treasury's PPP Unit, which is modeled after the UK and Ireland's centralized approach, is reflective of this trend.

However, sustainable success of PPPs is not only contingent upon the creation of government-led structures, but also more importantly upon the inclusion of civil society in the monitoring and oversight structures. In South Africa opportunities for civil society inclusion in government processes are often very limited in general, as government tends to regard civil society organizations with suspicion and mistrust.

There is a strong case for the integration of civil society and the general public in the monitoring process as they are 'a critical barometer of performance and suitability of PPP implementation' (European Commission, 2003:49).

Lastly, any conclusions that may be drawn about PPPs must be mindful of the fact that they 'are still young vehicles for the design and delivery of public value'

(Bovaird, 2004:213-214) and for this reason due caution must be exercised in judging their future significance. Each type of PPP has its strengths and weakness depending on sectoral and project contexts.

4.4. Chapter Summary

This chapter argued that failures associated with NPM-type reforms such as the principle of the autonomous manager, the Batho Pele initiative and the concept of Public-Private Partnerships may have less to do with the reforms themselves than a faulty interpretation of their content and failure to adapt it appropriately. For instance, while managerial responsibility has been devolved, authority has not. There is poor senior management involvement in monitoring the implementation of Batho Pele principles, as well as a lack of public involvement in the enforcement of the principles. While South Africa has the institutional structures, legal and regulatory conditions necessary for the success of Public-Partnerships, opportunities for civil society inclusion are often very limited in general. Integration of civil society and the general public in the monitoring process is a critical barometer of performance and suitability of PPP implementation.

5. SUMMARY OF RESEARCH FINDINGS

This dissertation has attempted to provide an overview of the evolution of the NPM internationally, as well as its role in the transformation and reform of the South African public service following the transition to inclusive democracy in 1994. The research has demonstrated that internationally, NPM has registered mixed results. On the one hand it is vilified for lacking in substance, promoting the interests of the elite at the expense of operational staff and citizens, embracing private sector management techniques uncritically, loss of bureaucratic accountability, unethical conduct and corruption, and exacerbating the tension between public managers and elected public officials. On the other hand NPM is associated with inspiring some positive movements in the public sector, such as facilitating a move towards more hands on professional management, more explicit standards and measure of performance, greater emphasis on output rather than input control, shift to greater competition and contract-based delivery of services and greater parsimony in the use of public resources.

The research has also demonstrated that while the significance of NPM in the reform and transformation of the South African public service has, since the start of the new millennium, shown signs of decline in favour of a strong central developmental state, it did find its way into the South African reform agenda and its continuities are still evident. This was discussed with reference to mutually related NPM ideas such as the reduction of the size of the public service or rightsizing and

downsizing, the devolution of managerial responsibility or the concept of the autonomous manager, the redefinition of the citizen as a 'customer' or emphasis on customer service, and alternative service delivery methods such as Public-Private Partnerships.

5.1. Rightsizing and downsizing

Rightsizing effectively became euphemism for downsizing, as it was clear that the new government had to get rid of the supernumerary personnel resulting from the amalgamation of the various public services from the apartheid state. However by using the Voluntary Severance Package (VSP) as a rightsizing tool, government failed to achieve the intended goal and instead incurred a number of unintended adverse consequences for service delivery, staff morale, and the transformation process more generally. The shift to a strong central developmental state has seen less emphasis on downsizing and thus an increase in the number of public service employees.

5.2. Devolution of managerial responsibility

The South African democratic government has experienced little success with attempts to give more authority to public sector managers over operations like budgeting, purchasing and personnel. This has elicited contradictory views. In addition to exacerbating tensions between managers and their political heads, the managerial approach has been vilified for giving managers extraordinary discretion, which breeds corruption and/or incompetence. On the one hand managerialism is

thought to have made ministers more powerful by giving them power to fire and hire directors-general, thus encouraging political loyalty. This paradox is symptomatic and reflective of the conflicting precepts of the Public Finance Management Act of 1999, which empowers managers, and the Public Service Regulations of the same year, which empower ministers.

There is however evidence to suggest that the little success experienced with managerialism has less to do with the fact that it's an NPM-type reforms than the apparent failure to put it to practice. Public managers are still constrained and have very little say or control over staffing, budget priorities, spending or poor performance. While responsibilities have been devolved on paper, authority has not.

5.3. Greater emphasis on service

Seeking to introduce a fresh approach to service delivery by putting pressure on systems, procedures, attitudes and behaviour within the Public Service through a framework that treats citizens more like customers, the Batho Pele initiative has not registered much success either. Putting the Batho Pele principles to practice remains a major challenge, amplified by poor senior management involvement in the monitoring of Batho Pele implementation, and lack of public involvement in the enforcement of the Batho Pele principles. Which seems to suggest that the problem may not so much be the Batho Pele policy framework and its NPM foundation, than

the absence of the attitudes, beliefs, skills, structure, systems, and processes that would enable the policy to succeed.

5.4. Alternative service delivery methods

The South African democratic government has experimented extensively with externalising public services for the purposes of delivering higher quality services at relatively lower costs, harnessing skills, capacity and resources that are not available to the government, and focusing efforts on the other specific priorities. The discussed alternative service delivery methods were privatization, corporatization and Public-Private Partnerships.

5.4.1. Privatization

Pressure from trade unions rendered full privatisation in democratic South Africa untenable. Consequently government pursued partial privatisation and commercialisation, which was mainly in the form of 'restructuring' State Owned Enterprises (SOEs) in key economic sectors such as telecommunications, energy, defence and transport. The results of this restructuring have been mixed. On the one hand they have registered a reduction in public debt, created an entrepreneur class, opened some industries to competition and widened share-ownership.

However, this was at a great cost, namely increased unemployment through the resultant job shedding, and actually increasing the size and complexity of government through the introduction of a wide range of regulatory bodies

particularly in the sectors where SOE's had been restructured. No significant gains are evident from the introduction of these regulatory bodies, as they are generally weak in relation to the corporations they are regulating.

5.4.2. Corporatisation

While not always an NPM-dictated development the conversion of the public service into freestanding agencies or enterprises, whether within the public service or outside it altogether, has been one of the most visible public service reform in post-apartheid South Africa. It however happened to gain prominence during the period when South Africa was experimented with different types of reforms, including the NPM. Corporatisation has also led further to the proliferation of autonomous agencies, which has presented immense regulatory challenges, with government having little control and supervision over their financial and managerial matters. It also presents corruption risks, namely through the sales of parastatals in dubious circumstances.

5.4.3. Public-Private Partnerships

Cognisant of the fact that PPP's in public administration and management have long been around, and have not only been a feature of NPM but also other public management systems, this study looked at PPP's primarily from the NPM perspective, which meant viewing the development of PPPs alongside the rise of the NPM.

Seeing it as a more politically acceptable alternative to full privatisation, the South African government opted for PPP configurations where the public sector still maintained substantial control over contracts with the private sector. Due to the usually complex nature of services undertaken with the PPP arrangement, there is greater latitude for manipulations by local and foreign firms or government officials. The private sector's motivation for profit and the public sector's concern with efficiency improvement also introduce conflicts of interests with beneficiary governments which are committed to promoting equity and maximizing the well being of their citizens.

Equally PPP's present for South Africa an opportunity and some recognised advantages, including the ability to raise extra finance in the country's environment of macro-economic constraints and budgetary restrictions. It would seem that the real question is not whether PPP's are legitimate, but which types of PPP are appropriate for which tasks and how to manage PPP's to increase public value.

5.5. Lessons learned

NPM-type reforms have largely failed to live up to expectations. While in some cases this is due to certain unresolved contradictions and weakness within some NPM-doctrines, failure can also result from other factors that have nothing to do with the essence of the NPM philosophy. This appears to be the case with South Africa's most NPM-related reforms. The substance of rightsizing, managerial

autonomy, Batho Pele, and alternate service delivery seems less of a problem than inappropriate interpretation and insufficient commitment to ensure implementation and sustainability of reforms.

5.6. Areas for future research

In South Africa there is as yet no proper sense of the consequences relating to experimentation with NPM reforms and how this has affected the shift towards a strong, central developmental state. More in-depth investigation is needed in this regard, which is essential to understanding the potential threats posed by some of the notions underpinning the NPM paradigm to sustainable development and sound administration within the developmental state. Linked to this is the need for more systematic research, backed by empirical data, into the relationship between the intrinsic content of NPM reforms and how reformers interpret them. Otherwise it will remain difficult to establish conclusively whether the experience with reform results follow directly from the application of NPM or from other factors.

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