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**Draft Version**

**THE VALUE OF PUBLIC MANAGEMENT EVALUATIONS FROM AN INTERNATIONAL  
PERSPECTIVE: BEST PRACTICE CASES RECONSIDERED**

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\* The paper is the exclusive responsibility of the author. It does not necessarily represent the views of OECD nor of the PUMA Committee.

## **Introduction**

The purpose of this paper is to discuss the concept of “best practice” case studies from an internationally comparative perspective. The main issue under consideration is how to improve the methodology of “best practice” cases in such a way that they help decision-makers to make well-informed selections among “best-practice” case studies and to implement foreign “best practice” in a domestic political and administrative context.

With the rise of new public management in OECD Member countries there has been a new trend to diffuse innovations through “best practice” case studies. This body of knowledge is nourished from three main sources. First of all, practitioners have been disseminating their own public management reforms or other anecdotal pieces of empirical evidence which they considered to be successful enough to be labelled as “best practice” (see, for example, Osborne and Gaebler, 1992). This eclectic approach is quite consistent with the fact that new public management is largely a practice-driven movement in most countries. Secondly, the increasing number of public sector quality and innovations awards in various OECD Member countries (for an overview, see Löffler, 1999) has also allowed to identify cases of well-performing public service organisations. The resulting publications as well as “clearinghouses of information” largely draw from the self-assessment descriptions of finalists. Thirdly, international organisations like the OECD have informational advantages in getting information about innovative practices in the Member countries. As a result, PUMA has been in a stage to be at the forefront of the new public management movement in OECD Member countries.

From an international perspective, “best practice” cases are very helpful to point out different solutions to the same or similar problem. But the question for decision-makers is which of the identified solutions work best at home? From a scientific point of view, the question raises whether the known solutions are really the relatively best ones. There may be other approaches that yield to better results but we do not know about them. Even in a world of perfect information, the absolutely “best practice” may not be the theoretically best one. In other words, there may be the risk that potentials are not fully exploited and what is applied in practice may turn out to be a sub-optimal solution.

As a matter of fact, there is quite a lot of confusion in the international community about “best practices” in specific public management fields. For example, any German local government expert would immediately quote the City of Tilburg when being asked for the best-run municipality in the Netherlands. Dutch local government experts would quote other municipalities such as the City of Delft. The same is true of New Zealand: Christchurch is one of the best-run cities in the world according to the Carl Bertelsmann Prize of 1993. New Zealanders instead consider the City of Dunedin - the second largest city in New Zealand - as a “best practice” case among New Zealand local governments.

The paper starts by analysing some of the empirical issues involved in determining “best practice”. It shows that the normative contents of what is considered as “best practice” public management depend on the evaluation concept used as well as time and location. In other words, “best practice” is a relative concept. Then the paper tries to identify a theoretical framework which allows for sufficiently generalised hypotheses but, at the same time, points out the conditioning factors for “best practice” to happen. The paper concludes with the suggestion that the explicit identification of the factors that trigger and allow for “best practice” in public administration may help a better transfer of knowledge in an international context.

## **The Relativity of the Concept “Best Practice”**

### ***The Performance Dimension***

Given that new public management has to be understood as a public management philosophy with a strong focus on results, “best practice” should not just refer to processes but also manifest itself in results. This means that it is not sufficient to do things differently; they also have to yield to better results. This may sound trivial, however, there are many cases where activism is equated with improvement or better performance. For example, there may be rather passive organisations that do not engage in any visible public management reforms but which are better managed than other organisations that are highly active on the reform front. In the former case, organisational structures, process and resource management may be flexible enough to adapt smoothly whereas in the latter case, large scale reforms were necessary to make the organisation more flexible. Of course, the less visible organisation may have done so in the past which brings up the issue to timing to be examined in the following section.

But what is “best practice” in relation to organisational performance? Like excellence, “best practice” may refer to productivity, effectiveness, efficiency or customer satisfaction (Halachmi, 1996:9). Even more basically, “best practice” performance may refer to different organisational dimensions such as human resource management, use of information technology, citizen orientation etc. There are also holistic concepts of “best practice” which are in particular disseminated through quality awards and the scorecard approach. The identification of such overall “best practice” organisations is methodologically quite problematic because it involves the need to weight different organisational “enablers” in the same way in order to make organisational performance in different management areas comparable. Yet, it is obvious that the area “customer orientation” is not equally important in the case of a technical service like garbage collection like in the case of social services like health care. Vice versa, proxies of efficiency like timeliness are not considered to be of a high importance in the case of health care even though a lot of performance measurement efforts continue to concentrate on waiting times in hospitals.

Nevertheless, even one-dimensional “best practice” cases are difficult enough to evaluate with regard to their performance. As far as downsizing practices are concerned, it may already be regarded as good practice if downsizing is not numbers-driven from the beginning but the result of a strategic reallocation of resources within the organisation in order to use them in areas where they are valued most (see, Lidbury, 1998, for the case studies in Sweden and the United States). Nevertheless, the empirically unanswered question is whether this kind of managerial as opposed to linear-downsizing has resulted in a measurable productivity rise?

As a matter of fact, evaluations of public policies have become more and more common in OECD Member countries. Nevertheless, it is not easy to evaluate the specific results of new public management reforms. One of the reasons is the typical “*ceteris paribus*” problem in social science research. This means that there are too many factors influencing the dependent variable so that it is impossible to do a “cause-effect” analysis. The other more pragmatic problem is that before the introduction of new public management reforms, performance specification and measurement was rather lacking. For example, in the absence of accrual accounting it is rather difficult to make ex-ante and ex-post comparisons of efficiency increases in terms of costs.

The increase in knowledge in performance measurement and the availability of new information technologies has allowed to make considerable progress in the assessment of results of routine public management activities but also of public management reforms. This methodological refinement is reflected by the fact that today an enormous variety of measurement tools are used in the public sector. This range of tools includes stakeholder analysis, focus groups, complaint analysis, process benchmarking, customer satisfaction measurement and employee opinion surveys. Even though none of these tools is conceptually new, the widespread use is distinctly and profoundly new (Van Wart and Berman, 1999:339). At the same time, more attention is paid to the level of difficulty. For example, there is more and more awareness that meaningful outcome measurement has to be done as a joint intergovernmental exercise (Löffler and Parker, 1999). Especially, in countries where public tasks are implemented at lower levels of government outcome measurement cannot be solely the responsibility of federal agencies.

Assuming that a given public management innovation was evaluated with regard to its results still leaves open the issue how to evaluate this result. Are the results achieved above-average or are they not very noteworthy? In other words, a decision has to be made about the relevant benchmark. The reference to assess results can be derived from some normative or political considerations or from other empirical data. For example, there might be political targets for savings. If these savings cannot be realised quickly enough public management reforms would not be regarded as “best practice” by political decision-makers even if they might have been successful in terms of change management. In many cases, the expectations of political leaders are different from the goals set by the change agents, especially as far as the time frame is concerned (see Klages and Löffler, 1997:179f.).

Promising “best practice” cases can be compared to similar innovations in the public and private sector in order to find out what organisation is really the best in class. It is obvious that the selection of some empirical reference to evaluate the results of a particular innovation involves some form of implicit competition. It depends very much on the administrative and political culture of a country to what degree the ranking obtained

from such a results-oriented benchmarking can be made public. In the case of the government performance project in the United States 50 States and 15 high profile federal agencies accepted to participate in an extensive management evaluation (OECD, 1999:3). The results of this evaluation project were widely published. By contrast, there is not much public information available about the local government benchmarking activities which are co-ordinated and supported by the German Local Government Co-op (KGSt).

This shows that the evaluation of public management innovations in terms of results is feasible, but in some cases, also politically sensitive. This also limits the availability of results-evaluations for comparative research purposes. But even if these hard data are available, it is important to consider the time and space they relate to in order to avoid misinterpretations.

### *The Time Factor*

By the same token, what is considered as “best” changes over time. This becomes apparent when analysing on a time axis how public management models have changed. Even though the point of time when certain models gained relevance and were implemented in OECD Member countries differs, the sequence of public management ideas and even fashions is the same.

For example, new public management in the United Kingdom is often traced back to the Thatcher government, especially its Financial Management Initiative which was started in 1982 (Pollitt, 1993:52-58). In Germany, new public management entered on the level of local governments only in 1991 (Klages and Löffler, 1997:169). Nevertheless, the public administration system in both countries departed from the Weberian bureaucratic paradigm. The management principles that are inherent in the Weberian bureaucratic model were already adopted in Max Weber’s home country at the turn of the 17<sup>th</sup> century. In the United Kingdom, a professional civil service that is based on the merit principle was only adopted with the Northcote Trevelyan reforms of 1871.

Even within the new public management an evolution of public management concepts and ideas has taken place. Whereas in the 1980s there was a strong focus on the three E’s meaning efficiency, effectiveness and economy, in the 1990s there as shift towards quality. At the same time, the meaning of the three E’s changed to efficiency, effectiveness and ethics. It seems that at the beginning of the next millenium new public management converges into governance. What started as a reasoning from “inside out” developed into empirical analysis and theorising from “outside in” (Metcalf and Richards, 1993:118). In other words, there is more and more recognition that the major public management problems do not exist within public service organisations but rather at the interface of state, society and market.

The shifts and evolution of public management ideas over time has important implications for “best practice”. What was considered as “best practice” ten years ago, must no longer be “best practice” today. Yet, the reputation capital of well-publicised and marketed “best practice” cases lasts much longer than their real “competitive advantage”. For instance, New Zealand is still perceived as a frontrunner in terms of new public management in many other OECD countries. This reputation has built up when New Zealand embarked and readily implemented radical new public management reforms. But in general, there is quite little knowledge about the results and effects of these reforms and follow-up reforms.

Vice versa, it is also conceivable that what was “best practice” some time ago can have a revival much later as a result of new pressures. This trend can be observed when it comes to citizen orientation. As many new public management critics always claimed citizen orientation is not an invention of new public management. As a matter of fact, there was already a broad participatory movement in the 1970s that aimed at increasing the role of citizens in public decision-making processes. This included consultations with citizens as well as openness of public acts as well as the explanation of public decisions. In the 1990s, this has gained new relevance. Even though the aims are the same, the forms and the scope of citizen orientation are quite different today. Again, the use of information technology has deeply influenced the way citizen orientation is implemented in the 1990s.

This implies that over time “best practice” cases risk to become outdated, and, hence, eventually “bad practice”. At the same time, public management practices that were unique at a certain point of time may become irrelevant as the innovation spreads across the public sector or even countries. The British Citizen’s Charter Mark Unit tries to deal with this problem by giving each Charter Mark Award a kind of “date of durability”. This implies for researchers that “best practice” has to be disseminated fast. It also implies to explicate the demands that each time period puts on public management. Of course, these demands are always a function of their specific environment. In the following, some consideration will be given to the role of contextual factors of “best practice” cases.

### ***The Context***

When it comes to public management reforms many observers only give attention to the goals but in many cases, do not consider the starting point. Yet, taking the perspective of the starting point may shed a new light on conventional interpretations of new public management reforms. In the extreme case, countries that are considered to be ‘backward’ regarding new public management may be actually on the forefront.

The reason is that they may have applied certain reform elements under a different heading already in the 1950s and 1970s. As a result, at present there is no need for these countries to do what other countries are doing. For example, Sweden already implemented agencies about 300 years ago so that Swedish ministries were always relatively small. Unlike Sweden, British Ministries were relatively big so that a decision was made in the 1980s to contract out “operational matters” to agencies. The process of agencification in the United Kingdom rose a lot of attention in the scientific community as well as among public decision-makers. Nevertheless, there is very little assessment how Swedish and British agencies compare against each other.

At the same time, it is important to consider the broader governance context in which best practice takes place. Arthur Benz (1984:57), for example, proposes that unitary states have a tendency for “top-down” strategies as well as quantitative solutions. He argues that problems are rather perceived from a quantitative point of view because this facilitates control for the centre. In contrast, decentralised states rather tend towards piece-meal qualitative solutions with a maximum of interaction. Also other specific characteristics of the judicial, political and cultural environment may provide explanations why certain elements of NPM work in some countries, but do not work in other countries. This is important to keep in mind in the context of transferring management models from one country to another.

### **Answers from Theory**

#### ***Universalism versus Culturalism***

The central question regarding comparative (private and public) management is whether management techniques can be transferred from one cultural or societal system to another. The answer depends on the think tank within comparative management: the so-called universalists put forward the “culture-free-hypothesis” according to which management techniques are independent of culture and country-specific factors and universally valid. The so-called culturists take the opposite position by stating that different social values, norms and behavioural patterns matter. According to the “culture-bound-hypothesis”, different management techniques are required in different cultural contexts.

Even though the research field “comparative New Public Management” is just emerging, the same distinction applies here: on the one hand, there are authors claiming the ‘globality’ and value-neutrality of contemporary administrative modernisation. According to Christopher Hood (1995, S. 104f.), Osborne and Gaebler are the most famous proponents of this view. These authors argue that the world-wide ascendancy of a new global paradigm in public administration is as inevitable as the rise of ‘progressive’ public management ideas in the USA in the late nineteenth and early twentieth century (Osborne and Gaebler, 1992, S. 325 and 328). Hood also places Peter Aucoin, who claims the ‘internationalization of public management’ (Aucoin, 1990, S. 134), and

Michael Barzelay, who argues for a 'postbureaucratic paradigm' replacing an earlier "bureaucratic paradigm" (Barzelay, 1992, S. 116ff.), in the universalist school of thought.

On the other hand, there are an increasing number of administrative scientists who doubt the transferability of Anglo-Saxon trends of managerialism to Western European countries. Kickert and Beck Jørgensen argue that public management techniques depend on their national framework, that is the national state and administration (Kickert and Beck Jørgensen, 1995, S. 505). And in a similar vein, Wright warns of the danger of seeing the administrative world through Anglo-American spectacles (1994, S. 116f.) and stresses that national contexts have to be taken into account for the formulation of modernisation policies (1994, S. 122).

It becomes obvious that the "best practice" approach is situated somewhere in the middle. The basic assumption is that it is possible to transfer public management practice from one country to another. Yet, the relativity of the concept also shows the need to put "best practice" into some institutional context. It seems as if the contingency approach fulfils both of these demands. The following section will discuss how the contingency approach could be used to provide a theoretical framework for "best practise" studies.

### ***Contingency Approach Reconsidered***

Based on the paradigm "form follows function", the classical contingency approach of the Aston school tried to establish the "fit" between organisational properties and management strategies. If this "equation" is transferred on a macro-level, the contingency approach can be used to establish a relationship between institutional factors which are inherent in a governance system and the organisational forms that correspond to it. The ensuing model consists of three functional classes of institutional factors (compare also, Lüder, 1992:108):

- *Stimuli*: Events that occur at the initial stage of the modernization process and create a critical situation that induces political and administrative actors to engage in modernization activities.
- *Structural variables*: Characteristics of the administrative and political system that influence the choice of modernization strategies by political and administrative actors.
- *Implementation barriers*: Characteristics of the administrative and political system that inhibit the process of administrative modernization.

Because of "multi-causality" and interdependence one contextual variable may take several functions. In particular, it seems to be very problematic to distinguish clearly between implementation barriers and structural variables. Nevertheless, institutional factors can be conceptualised as the basic parameters within which public decision-makers operate.

### **Conclusions**

"Best practice" cases will remain highly important as a carrier of reform practices or even concepts. At the minimum, they raise awareness that things can be done differently. However, they will only trigger change if public decision-makers are showed that it is possible to transfer "best practice" from abroad to their own administrative system. The contingency approach has the merit to explicate the set of environmental factors which influence which reforms are carried out and how they are carried out. Even if this approach cannot

explain (or forecast) reforms it allows to make conclusions about the administrative environment that is needed to be able to implement certain new public management elements. In other words, environmental factors are only a necessary but not a sufficient condition for “best practice”. The willingness of decision makers to launch reforms depends largely on the expected net gains of these reforms. Contingency theory may assist in these forecasts by pointing out stimuli or implementation barriers which will give rise to implementation costs.

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