



Reconstruction of a Modern Public Sector: Some Key Concerns

—ERAN VIGODA

Formally, the scientific community has systematically begun studying issues of public administration just a little over a century ago. Therefore, one may see public administration as a relatively new science while at the same time, it is a professional field as old as the state itself or even as old as people and governors. The high complexity of this field results from the multiplicity of terms, concepts and occupations that are different from one another but contribute comprehensively to the understanding of the discipline and its current state. Some researchers claim that the identity of public administration lies specifically in its inter-disciplinarity, which combines and integrates knowledge derived from sources comprising different social sciences. In accepting this claim, it becomes clear why the academic and other issues of public administration have become one of the most fascinating, dynamic, essential and relevant concerns of our times.

In order to understand the recent trends and their modification through public sector organizations, it is important to analyze a series of changes and processes that characterize the welfare society of our times. Nowadays, public systems worldwide are required to handle pressures emanating from various sources. The demands of citizens have increased, economic pressures have begun to limit the financial sources of public authorities, the third sector has started 'biting into' the government activities and its occupational fields, international and global influences have grown, public opinion and the press provide information and criticism more than ever before, and the advance in scientific knowledge in the fields of administration and organization are beginning to stress on greater efficiency and

While the processes identified with the 'previous generations' have led to a scientific recognition of public administration as an independent discipline as well as to the laying down of the ideological and methodological basis for its understanding and advancement, it is argued that the next generation trends call for the improvement of the performance of public administration through a process of increasing 'knowledge exchange' with affiliated disciplines of the social sciences. The main purpose of this chapter is to bring out the importance of the eclectic and multi-dimensional discussion on public administration and to highlight the many challenges that face it. The chapter deals with the identity of public administration in the present context and offers an inter-disciplinary perspective for the understanding of the trends of the next generation in this field. In addition, it attempts to critically discuss the changes, the public organizations all over the world have gone through in the last years. These have led to a systematic, theoretical focusing on the need to introduce creative, innovative and long-term thinking into the performance, management and mechanisms of public sector organizations. Besides, the chapter stresses the need to analyze the foreseeable changes in public organizations and their internal management methods in the context of the widening role of the welfare state.

IDENTITY CRISIS IN PUBLIC ADMINISTRATION

Public administration as a science and a profession is in constant search for its own identity and its ideological limitations (Lynn, 1996). During the last century, many countries have reached significant achievements in many fields. The public sector, which laid the appropriate foundations for facilitating the activities of the other sectors in the market and successfully planned the national priorities, is directly or indirectly responsible for many of these achievements. The end of the 19th century is customarily viewed as the period in which public administration developed from a field of legal and sociological discussion into a distinct social discipline with its own identity, an independent conceptual system, and a scientific and methodological agenda of its own. However, the claim that the basic characteristics of current public administration have remained similar to those of governmental systems of previous generations is still being made occasionally.

It is clear though that the feeling that nothing has changed is exaggerated. Since the end of the 19th century, and even more so during the 20th century, major changes have taken place in the field of public administration, both as a science and as a profession. These changes have resulted from worldwide developments and modifications in the political, ideological, industrial, technological, legal and

the media environment of the society. In many ways it can be said that the governmental 'game rules' have changed and have repositioned the public sector in the administrative system, bringing it to the forefront of the modern socio-economical change. Nowadays, public administration affects people greater and in more number of ways than it used to in the past, when control over improvement span (both technological and ideological) was not heard of. In the changing context, the promise of public sector appears to have turned into an unfulfilled vision, and for many it has become a source of major disappointment (Rainey 1990). It is apparent that the public sector and its leaders are facing difficulties in motivating the great bureaucracies towards achieving their ambitious goals, mainly because the welfare state has grown beyond its ability to maintain itself. It is clear that while the burden of the missions, responsibilities and expectations from the public system is growing, its skills and abilities to fulfil these expectations has not risen correspondingly. Therefore, some consider the 1980s as the period in which the major conceptual change in the perception of public systems has taken place. While no one has ever doubted the goals of the public sector, many questions are being raised regarding the appropriate way to achieve these goals. It is clear that the gradual turning of the modern society into a 'service society' raises many questions regarding the normative relations between the different public sectors, the actual relations between them, and the manner in which each of these fields can contribute knowledge, experience and initiative to the other fields.

The development of the modern welfare country has set a high standard in providing qualitative and comprehensive service to the citizens, and one of the main questions the discipline of public administration is dealing with since the end of the 1980s relates to the right way of achieving these goals. The main answer which the researchers of this field have been able to provide is, the advancement of learning from the business-private administrative field, the implementation in lessons based on its experience, and making the structure and processes of governmental systems more flexible so that they would be adaptable to rapid changes in their environment (Osborne and Gaebler 1992, Lynn 1996, 1998, Hood, 1991, Garson and Overman 1983). In order to understand the changes and modifications which have an impact on these, the appropriate reforms in public administration and the ways of implementing them, the two should be systematically compared as well as contrasted so as to set the points of similarity and distinction.

The claim raised in the beginning of the 1980s and even more during the 1990s has been that there are doubtlessly several business management characteristics, which can be implemented in public administration even if this requires adjustment, modifications and

overcoming limitations so as to strike a balance between an economical approach and a humanistic social approach. Following this, a wave of demands for strategic change and a general managerial reform of public systems has been unleashed, a wave which has various names that have yet a similar meaning, such as 'Managerialism' (Pollitt 1990), 'Market-Based Public Administration' (Lan and Rosenbloom 1992) and 'Entrepreneurial Government' (Osborne and Gaebler 1992). However, the name which has become more commonly associated with this approach is 'New Public Management' for the NPM (Hood 1991). It is not to be confused with the NPM perspective.

CHANGING ROLE OF PUBLIC SECTOR: THE NPM PERSPECTIVE

The New Public Management (NPM) approach has been defined in the early 1980s by Garson and Overman *op. cit.* as 'an interdisciplinary study of the generic aspects of administration, a blend of the planning, organizing, and controlling functions of management with the management of human, financial, physical, information and political resources. This definition expresses the wish of many of those who deal with administration and public policy to shake the conservative approach in this field and start motivating a process of managerial liberalism, whose main interest is to introduce changes into bureaucratic systems which have failed in achieving their main goals and in implementing the required public policies in other fields.

Kettl and Milward (1996) have argued in this context that NPM is neither a traditional public administration concept, nor it belongs to policy analysis in its accepted meaning, as it is based on a wide variety of disciplines and on a long line of scientific systems, which were not accepted in the past. The main approach upon which the NPM doctrine has been built is related to the business/industrial/private sector. Thus, researchers have developed a more demanding approach towards public organizations assuming that they can perform their duties better than they used to in the past by changing the management structure and internal organizational culture strategies. The main criticism of the traditional public management by the new reformists is that it has failed in accomplishing one central mission: the ability to combine the different kinds of voluminous knowledge, which constitute an integral part of the different disciplines of social sciences and management studies. Thus, a heavy-weight social issue has been discussed from a narrow perspective by a group of experts who have not had the vision to take into view this additional parallel knowledge.

Accordingly, researchers have stressed the inadequate transfer and implementation of managerial and organizational ideas from the

field of business management into public administration field (Lynn, *op. cit.*). The organizational and managerial theory has proved its efficiency in certain processes such as decentralization, involvement of employees in decision-making, introduction of competition between units, creation of a correlation between performance and rewards, insistence on the quality control of products and services, and paying special attention to the client. The public sector on its part has, for many years, preferred to ignore the proven facts of success, which lay at its feet. Public organizations have often remained centralized and have distributed roles at the management levels and units only when there has been no other choice. They have tended to avoid processes that introduce employees' involvement in decision-making. The term 'competition' has been unknown to the public sector. It has evidently left ineffective monopoly, in the fields of development and control over essential resources and services in the hands of the state.

For many years and in many countries, there has been no reasonable correlation between the performance and rewards of civil servants. The insistence on the monitoring of quality and service-providing processes has been non-existent. The public system has not given proper weightage to the view of the citizen as a client. In many countries, public administration organizations have missed their main goal by not setting the citizen at the centre of the action and of public service. It may be that the major breakthrough in the form of the NPM approach has been the attempt to destabilize this state of affairs. Even if this approach is not free from faults and mistakes, both on the theoretical planning level and on the performance level, its contribution to reforms in public administration systems in Britain, the United States, Canada, Australia, New Zealand and other countries has been phenomenal.

The NPM approach has posed questions regarding issues, which many have taken for granted: Why is it not possible to introduce the competition component into the activity of public administration? Why do bureaucratic activities take so long to actualize? Why is there no correlation between performance and rewards in the public sector? Why is it not possible to afford the citizens the treatment of clients and take their needs into consideration? Why is there no sufficient effort to measure and supervise the public sector's performances and the services, which it provides? The NPM approach has been successful in offering reasonable solutions and alternatives to such problems, which for many years have been perceived as unchangeable. It has also suggested solutions, which could be adopted in a modular manner in different countries according to their culture, values, and the character of the citizens and administration. Thus, a reasonable agenda has been formed for a process of reform and change, based on a limited series of new challenges to public administration (Hughes, 1995; Weikart, 2001; Hays and Kearney, 1997). We now discuss some

Downsizing and Deburacraticization Challenge

The downsizing and debureaucratization challenge has two main components. The first is the downsizing of the public apparatus and the narrowing down of the number of employees it employs. The other is the simplification of managerial and statutory processes, which have consumed a good chunk of time and resources in the past. The assumption behind the idea of downsizing the public apparatus is that in a developing world, a positive correlation between the size of organizations and their performance is not necessarily apparent, and it may possibly be quite the opposite. It may be that a 'thinner' public system would be able to show greater flexibility and initiative as it would adapt itself better to a dynamic and changing world.

The downsizing of bureaucracy borrows from the business-private management, the idea of 'doing more with less.' The public management is required to provide the public with more products and services of good quality and that too in a reasonable time-span, but there is no obligation that for the purposes of performing its duties, it would unnecessarily thicken its lines as it naturally tends to do. The debureacraticization challenge is more serious where the role of the welfare state has expanded; and where the tendency to increase the number of positions in the public sector, recruit a large number of employees, and sometimes even the handling of economical problems have surfaced. According to the new reformists, the public sector in many countries has been inflated to much greater proportions than required and there is an urgent need to reduce it and bring it back to its natural dimensions.

At the same time, a process of debureacraticization also includes increasing the efficiency of the process and not merely the quantity of output. The properly functioning governmental systems must act in a systematic manner and should therefore start implementing clear procedures of testing, control, supervision and the approval of processes. However, the NPM claims that in many places and in different fields, there exist inept, 'heavy' and inefficient processes to a degree that greatly damage the policy implementation processes. The new reforms must therefore include a re-testing of production and service-provision processes and their reduction to the absolutely essential minimum. This is possible through the introduction of an advanced and speedy technology, the combination and distribution of information services, access to IT, and the creation of flexible supervision and control mechanisms, which are 'transparent' to the clients to the extent that would not weigh down their activity and needs more than necessary.

Decentralization Challenge

The central meaning of decentralization is the transfer of decision-making processes closer to the citizens or in the managerial parlance,

the clients. The decentralization process heightens the competitive environment, as it allows employees and managers at all levels more freedom of action, initiative and creativity. Giving them authority they never had in the past, and reduces bureaucracy in the sense that the need for numerous approvals for actions comes down. Decentralization is a major challenge to performative and managerial systems in the public sector which by their very nature are closely related to the political system. The tendency of the political system is to use the centralization of authorities in order to accentuate the power and strength of the political players. Thus, the influence on public management organizations is apparent, as these must work closely with those publicly elected and others who carry out political roles.

Decentralization is often perceived by politicians as a probable barrier in their ability to govern. They fear that bestowing of authority on others may reduce their ability to supervise what is being done and manage the state's affairs as they see fit. An additional problem with decentralization processes which strengthen the challenge they posit is the tendency to finally decentralize public organizations without providing them with sufficient tools to act independently, both economically and budget-wise. However, even amongst politicians, who have a conservative, authoritative and centralized managerial approach, the understanding that a new world cannot be managed with old tools seems to permeate now. A new world needs new tools.

New Managerialism Challenge
New Managerialism challenge includes the use of processes of business management within governmental branches (Weikart, 2001). This challenge has many meanings. First, it is important to employ managers who have professional-managerial proficiencies and to make sure that their obligation is to the output and performances. Secondly, New Managerialism focuses on citizens as clients and on their changing needs and demands. It aims to make the managerial processes and goals more flexible so that they would be suitable to the clients' perceptions. In addition, New Managerialism wishes to introduce initiative, flexibility and creativity into government systems, which by their very nature are skeptical and unwilling to take risks, and therefore tend towards freezing and lack of innovation. The creation of new working relations within public organizations, the introduction of an organizational atmosphere and a culture of team work through a talented managerial leadership, are tools which no private organization can do without.

New Managerialism tries to put this vision across to the public sector as well and to exchange old and strict values with new and flexible ones. To achieve these goals, the New Managerialism challenge includes the appropriate use of knowledge resources, their proper management and learning from past experiences while cleverly

documenting the processes and their manner of analysis in order to improve future decisions. The new technology which exists nowadays allows public organizations to achieve this goal more easily and wisely. Therefore, the idea of electronic government (e-government for short) is very important and quick introduction into government systems is very important.

Performance Evaluation Challenge
The performance evaluation challenge derives from public organizations need to divert the attention from resources and processes to outputs and outcomes. In order to improve products and services, the public sector organizations must formalize standardization and measuring processes to supervise them in an orderly manner over time and to try and present a continuous and consistent tendency towards improvement (Pollitt, 1988, 1990).
Evaluating organizational performances is a field of knowledge whose beginning is in the field of industrial and engineering management. For many years, its implementation in public services organizations has been considered problematic, as the characteristics of service products are significantly different from that of actual products. There is a strong disagreement upon the proper way of examining public services (Carter, 1989). How can one evaluate the quality of education, health or security service of a country? What are the standards which should be set? Who sets them? Should ideological and value-related principles be a part of the quality-examination process? Are ideas of distributive justice relevant to the performance evaluation process?

These questions should be seriously discussed while a culture of performance evaluation is introduced into public management. On the other hand, these cannot be addressed in conjunction with the business-private sector, where there exists an agreement with regard to the need and the manner by which an improved apparatus of performance evaluation should be managed. It combines hard and soft engineering and perceptual/behavioural performance measures, measures of inputs/process and results as well as other kinds of measures based on the statistical and prolonged monitoring and learning of each social service, according to its own uniqueness and dynamic characteristics.

Privatization Challenge

The privatization challenge is perceived as one of the clear markers of the New Managerialism revolution. Privatization reflects the transformation in governments away from a centralized management of public organizations, which includes control, monitoring and a direct channeling of resources towards decentralization, the reduction of

involvement, and the increase of competition in the various market fields. Privatization is almost naturally connected with the NPM, as it hands over managerial responsibility (and sometimes also ownership) from organizations, which have been completely public, to the business bodies, which act within the conditions of competition and free market. By increasing this freedom and creating competition, the expectation is that many services, which in the past have been managed in a heavy and inept manner, would become more flexible, responsive and efficient, and thus will come closer to fulfilling their original goals (Savas, 1994). Through the processes of privatization, the scope of governmental bureaucracy is reduced, the number of public sector employees is cut down, and the governments remain directly involved in the management of only the essential services in which it is impossible to or there is no wish to involve the business sector.

It is therefore understandable why the privatization challenge has been so eagerly adopted as a main component in the reform processes of many European countries, Australia, New Zealand, and even in various developing countries since the end of the 1970s. It is important however, to remember that the privatization challenge is usually accompanied by criticism and sharp drawbacks, which require a careful and calculated implementation. This process is sometimes accompanied by the maintenance of the state's strength and in its close monitoring of the developing competition process. These limits are essential, as the management processes that are based on—the open market principle—are generally opposed to social values such as justice, welfare to all, and fair distribution of public goods to those who are without resources.

IMPLEMENTATION OF NPM IN WESTERN DEMOCRACIES

Learning from the experience of a number of western democracies in the last decade suggests a number of answers based on the series of NPM managerial challenges. It seems that the main patterns of the required change characteristics and its expected trends may be best learned from the experience of several western societies such as Britain, the United States, Australia, Canada, and New Zealand (Caiden and Caiden, 2002).

Britain: The Public Comes First

The roots of the reform processes in the British public management were planted back at the time of the Labour government at the end of the 70s, but they gained momentum mostly with the rise of the Conservative Party headed by Margaret Thatcher. Throughout these

years, a public policy known as 'Thatcherism' effected a dramatic reduction in the central government's involvement in the provision of direct services to the citizens. This policy introduced a form of privatization in fields such as transportation and the media whose purpose is to increase market competition and reduce the size of bureaucracies, while introducing an economic logic into the activities of public agencies and the organization related to them. However, since the 90s, the British government has acted mainly on a politically motivated, managerial scheme aiming at budget decentralization in areas such as Wales, Scotland and Northern Ireland. In many respects, the purpose of this activity too has been to bring the government closer to the citizens and to reduce the 'remote control' approach.

Besides the managerial benefits, it has contributed to the political stability of the United Kingdom. Both, mutuality and exchange between the different areas has increased, but most importantly, they have achieved the status of a managerial autonomy, which is characterized by a greater democracy and freedom of choice for the citizens. Thus, the British public management has become more humane and sensitive towards the citizens while increasing the level of responsiveness through the 'Citizens' Charter'. In March 1999, the government published the next proposed steps for the continuation of the reforms as part of the 'White Paper'. These steps have been named 'Modernising Government' and the stress is on the new role of the government.

The emphasis is on the fact that the government does not exist for its employees, but rather for the people and the individuals as clients and citizens. It claims that civil servants should be appreciated, nurtured and promoted, but at the same time suggests that demands for better performance, cooperative work, sensitivity and consideration towards the individual should be put across to them. Therefore, the government's plan has been based upon five main components: planning of long-term public policy, encouraging a responsive public service, emphasizing technological improvement, stressing on information availability; and improving the public service's image.

The United States: Measuring Performance

The main contribution of the United States to the development of the NPM thinking came in the form of the improvement of performance and process measures. The basic assumption is that without an ordered decision regarding measures and methods to evaluate the performance, both the administrative process and the democratic process of the public's supervision on the government's performances, are being compromised. The Federal government in the United States has especially stressed this in the 'Government Performance and

Results Act—GPRA, which was approved by the Congress in 1993. Governmental organizations and agencies have been requested to develop detailed measuring strategies for their products by identifying goals and purposes, studying the possible influences upon them, and tightening the tie between performances and long-term goals. As a part of this process, all the governmental agencies are obliged to consult the Congress and the other stakeholders as and when needed.

This development has switched the centre of the discussion to issues of performance and results instead of wallowing in issues of processes and resources as has been done previously. This also accounts for the evolution of the term 'Performance Budgeting'. It means the improvement of decision-making processes as an aspiration to achieve certain performances. On the other hand, a number of difficulties have also been revealed in the process, and these have stemmed mostly from the need to achieve ambitious and long-term goals, which have not always been under the governmental authorities' control. In a great number of cases, the initiative, control and supervision over the government's activities have been directly in the hands of the states or the local government, while the federal government has had only indirect responsibility and involvement. Nevertheless, the main achievement of this focus on performance evaluation in the United States has been the implementation of a methodical and ordered process of studying policy products and evaluating their meaning in terms of outputs and outcomes.

Australia: The Administrative Responsibility Approach

The NPM approach permeated the Australian public management mostly towards the end of the 80s. Government sector, which was plagued by centrally heavy activity and ineptness of the system received the change initiative with enthusiasm. The change proposes a drastic cut-back on governmental standards. Stress is on organizational products, division between purchasing/maintenance and the provision of product roles, development of contractual mechanisms of accountability and the abandonment of the tenure-based employment method in the public sector (Hood, *op. cit.*).

However, the main characteristic of the change in the Australian public management has been Administrative Responsibility and Accountability, which stands for the increase in the direct responsibility of civil servants for their actions and views. The managers are directly responsible for their decisions in addition to the direct political responsibility, which those elected by the public have towards the citizens. Through outreaching changes in the administrative law in Australia, a legal framework has been set up in order to enforce

Clearly, this process has been accompanied by the extension of the public-complaints officers' mechanisms at the federal and the national level. The Australian public auditing office has been extended and a major change has taken place in the public's attitude towards public administration systems and their responsibility for the individual. In addition to the Administrative Reviews Council, which has been set up in 1976, various other bodies have also been established. These include the Administrative Appeals Tribunal, Immigration Review Tribunal, Industrial Commission, the Refugee Review Tribunal, Social Security Tribunal and Veterans Review Board. This process has also effected a comprehensive legislative on the issues of freedom of information, access to archives, and law protecting the privacy of citizens.

Canada: Collaboration in Research and the Shaping of Public Policy

The changes and reforms in Canada came from different directions, but are all based on a limited number of basic assumptions: (1) maintaining a strong government is essential for the protection of the state; (2) evaluating the government's role in the future is important; (3) well-performing public sector is highly related to a modern policy of providing services to the citizens; (4) professional civil servants and those who have an independent way of thinking are to be nurtured; (5) wise governmental and administrative leadership gives direction and backing to those who deal with public service roles and must be encouraged. (Caiden and Caiden, *op. cit.*)

In the beginning of the 90s, Canada suffered a budget crisis which badly affected its investment in development and research, and also damaged the implementation of advanced public policy processes. The main criticism against the federal government has been that coordination and direction are missing in the work of the governmental agencies and that the public policy in various fields suffers from the lack of transference of knowledge, tools and experience from one field to the other. As a result, it has been claimed that public money is being wasted and not efficiently managed, and that a horizontal coordinative and integrative action between the different bodies is required. In 1995, the Task Force on the Management of Horizontal Policy was established. Its role is to centralize the policy issues, which are related to more than one office, and to manage the activities required of them.

In general, the Task Force has been requested to create a cooperative culture of policy-making and implementation, and to form a commitment amongst governmental agencies to coordinate work

for cooperative work among public organizations and in implementing coordinated public policy by 2005. This Committee has produced two main reports, which focus on the means to increase the collaboration and coordination between the different market sectors at the national and international levels. The activity of this Committee has been the first step in a process called 'The Policy Research Initiative'. As a part of this framework, a Secretariat for Policy Research has been established in the Federal government. Moreover, the proclaimed intention of this process has also been to export the conceptual-cultural change in the format of the all-inclusive policy approach to other countries.

New Zealand: The Reshaping of Welfare Policy

In the last decade or so, an urgent need to cut back the size of the bureaucratic apparatus arose. With this, accelerated processes of privatization, governmental decentralization, reduction in the number of public sector employees and increase in the collaboration with private bodies, which would perform activities that have been hitherto in the domain of the government, also called 'Outsourcing', began. The government has initiated a comprehensive plan, which has greatly reduced the rate of national expenditure for the purposes of welfare. It has introduced components, which encourage internal and external competition in the public sector's environment, attempts to lower the taxes and maintain fairness in the distribution of national resources. The plan has also encouraged reliance on the country's own resources. It aims at increasing the stress upon public sector's efficiency, citizens' freedom of choice, and mutual relations between service providers and clients as opposed to the former pattern according to which the citizen is dependent upon the government and its institutes (Boston, Dalziel, and John, 1999).

The switch to a harsh budgetary restraint has indeed managed to rescue the country and its public sector from the crisis it had fallen into. Yet the harsh recuperation process has left its signs among different social groups, which now have to get accustomed to a much weaker support from the government than before. The gap between the rich and the poor has widened and by the end of the decade many people in New Zealand may taste the influence of the new management reforms on their lives.

Israel: Decentralization and Privatization

Certain motives of the NPM approach have entered Israel in the last two decades. The main changes in the Israeli public sector from the 70s till today are based on two main commitments: a real revolution in

greater freedom to act in terms of budgetary management in the different government offices), and a growing privatization since the mid-80s. At the same time, there is a strengthening of processes such as raising the transparency regarding governmental activity, nurturing managers and institutes' accountability to the public, and involving the public auditing system in the fields it had not dealt with in the past (Friedberg, 2000). However, it seems that in other fields such as the reduction of bureaucracy and the introduction of structural changes into public organizations, the introduction of a new managerial culture, especially in the field of performance evaluation of public organizations, the steps are smaller and insufficient and therefore the challenge for change is greater.

Israel was born as a welfare country with a market and society, which were managed in a highly centralized manner, and which were characterized by three main sectors: the public, the private and that of the Employees' Federation, the *Histadrut*. The country's values as a welfare country included the aspiration to provide social security, maintain the quality of life, and reduce inequalities (Doron, 1995). In order to achieve the goals, which suit these values, the inter-sectoral power-structure in the country's initial years had clearly leaned towards the public sector and the sector of the *Histadrut*. These have usually acted in a cooperative and coordinated way and stopped the introduction of reforms and changes, which threatened the social values. This power-structure has changed completely since the end of the 80s and the beginning of the 90s when, on the one hand, the dominance of the *Histadrut* sector has greatly deteriorated while on the other, the global trends, with greater efficiency and focus on business management in the public sector have increased.

Even though the governmental and public committees have been able to keep the issue of change and reform on the Israeli public agenda, a close study would show that the public management changes only focus on the organizational, structural and financial structure of the government's branches. They all lack a systematic approach to the introduction of a new managerial culture into the government, and there is no sufficient focus on the development of appropriate tools for the behavioural performance evaluation of the public sector. As a result, most of the knowledge we have today centres on the attitude towards changes and reforms on the formal aspects of the public system's structure and organization or alternatively on its activities and performance from an economic perspective. The latter deals with the functioning of the budget or with the other issues of resources' allocation, and does not make use of tools from the field of social sciences, whose efficiency and contribution to the improvement of the public service is proven.

systematic and prolonged studies of citizens' approaches and their status as the public sector's clients as well as inter-organizational studies which focus on the public sector's employees. Israel is getting gradually integrated in this trend by virtue of a new international project whose aim is to comparatively evaluate the functioning of public organizations in Europe and Israel (NAIPA—National Assessment Project of Public Administration) through tools which require the integration of a perceptual/behavioral evaluation with a classic economic and technical evaluation (Vigoda and Yuzal, 2001).

PARADOX OF NPM

These challenges contain a main complex paradox related to the attempt to reshape the status of the citizens as clients in a society that wishes to be free and open, but also just and humane. The NPM approach has gained many supporters among the theoreticians, researchers and practitioners of public administration, mostly because it offers, and that too at the right time, a clear and achievable agenda for an essential change in the public sector. The essence of the change may be summed up as the wish to influence the managerial culture of public organizations and to make them treat citizens as clients per se. The treatment of the citizen as a client carries with it a whole stock of perceptions and positions towards the provision of services and formulation of activity processes, which are meant to satisfy the new clients' wishes and also respond to their demands just as a business system wishes to treat its clients. But here is exactly the point where the main paradox of this approach lies. In nurturing the citizen-as-client idea, the NPM approach encourages passivity amongst the citizens and develops within many of them an attitude of exaggerated importance towards the government.

The formation of a modern public sector, which is responsive to the citizens is highly essential on the one hand, but it also risks responding to immediate demands while not paying sufficient attention to the collective and long-term needs in the long-run. Such responsiveness also leaves the public system as the main body in charge of the satisfaction of citizens' needs, while the citizens themselves are not similarly required to be involved in their lives and constructively influence their surroundings. When the public system is highly responsive and efficient, it gains the public's trust and gives it a sense of security that its affairs are in good hands. Thus, there is a natural tendency among citizens to be less involved in governmental processes, and their willingness to participate in the society and the community deteriorates (Vigoda, 2002a). This correlation implies that

of Therefore, in many ways, the citizen and client paradox expresses the existing conflict between bureaucracy and democracy. According to Thompson (1983), democracy cannot happily tolerate bureaucracy. Many of the values associated with democracy such as equality, participation, and individual's freedom are strictly and clearly opposed to hierarchy, professionalism, and a behaviour which ignore the wish of the individuals for the sake of the general interest. The NPM approach sanctifies the status of the citizens as clients, but at the same time it also compromises their power and ability to supervise over the manner in which public organizations are being managed.

A possible response to this paradox can therefore be the increase of collaboration motives between the public sector, the citizens' and the private sector (Vigoda, 2002b). While the NPM idea has rescued many of the world's public systems from a process of managerial deterioration and freezing, it may be that the potential for further improvement in this sector lies in nurturing more egalitarian relations between the three important players in the country: the public sector, the private-business sector and the citizens as individuals and groups as components of the third sector. Responsiveness to citizens-as-clients demands forms an essential but insufficient part of the improvement of the government-individual relationship.

The 21st century public administration is advancing on two parallel paths: the first path continues to follow developments in the private-business sector and borrows from it ideas and initiatives that have been formed as a benchmark for improving the managerial and organizational tools in public systems. The second path follows a line opposed to the business and economical trends, and tries to preserve and strengthen social, civilian and humane aspects, which are not always tradeable one-by-one and are therefore not usually formulated and accepted in the business management field.

Moreover, the contradicting needs of better efficiency, purposefulness and profitability on the one hand, and the public, humane and civilian obligation to assist the weaker strata and live up to the higher norms of governmental ethics on the other, will imply consistent pressure for the modern bureaucracies and may be anticipated to further their managerial challenges. By its very nature, the paradox is difficult and possibly even impossible to solve completely, it cannot be expected that a solution for the natural opposition between the bureaucratic ethos and the democratic ethos in progressive Western countries will be found. However, it seems that the intensity of the conflict can be reduced by combining the New Public Management approach with activities for encouraging the involvement of governmental activities both by the business sector organizations and

Nowadays, it is clear that modern countries cannot afford to dramatically reduce the public sector and its activities, but they can definitely make it 'thinner', improved, flexible and more efficient in its functioning. Only such a measured reduction will create a reasonable correlation between the forces of the market and the economy and the forces of society and welfare for the benefit of public interest. The NPM approach paves a route of action to achieve this goal while basing itself on a limited number of principles and challenges. But like any other principle and challenge, the implementation of these should be done in a measured way and according to the unique characteristics of each country and society. This means that the change model, which exists in one country cannot be copied completely by another country.

A claim, which is frequently made by politicians, maintains that in order to provide better services to the citizens, in the modern age, the public sector should be enlarged and financed through greater income and taxes provided by the public. The apparently rational explanation is that the greater the demands, the greater the pay, and that when citizens' demands grow, their payment should grow accordingly. To counter this claim, which maintains 'do more with more', there is an agreement among professionals and management and economics specialists that the real challenge of the public system, as with any other body or organization, is to 'do more with less'. In order to do that, the bureaucracy should be reduced, and decentralization strengthened in the fields and issues, which allow that, but at the same time tighten the supervision and coordination mechanisms between units which are not ready, qualified or interested in making proper use of the managerial authority bestowed on them. In these situations, which usually reflect issues of great public, social and national importance, it is the management using controlled centralization that is the appropriate organizational answer.

In addition, it is important that public organizations will strive to develop and improve performance-evaluation mechanisms and will put greater emphasis on the public perceptions regarding the activities of the government and its branches. The NPM approach attempts to bring along with it a recognition of the value of privatization, as well as great caution with regard to the right tools of implementation. Privatization measures, which completely liberate the government from its responsibility in a vital service field, compromises the benefits it may accrue to the public in the long run.

SUMMING UP

influence of the "New Public Administration" approach as well as its contribution to the improvement of bureaucratic mechanisms whose image is one of strictness and ineptness. Despite the existing arguments and critical analysis regarding the different components of this approach, there is no doubt that many countries have made an efficient and successful use of it. The idea of relating to citizens as clients, which sounded rather unrealistic until a couple of decades ago, is nowadays perceived as obligatory. While some relate the birth of the NPM idea to the American public administration environment, it is actually the experience of Britain, Canada, Australia and New Zealand, which requires special mention as it stresses the constant conflict, which exists between the aspirations of a modern welfare country and the modern management challenge that is economical and efficient.

In many countries, NPM ideas are being implemented, but it is a complex, long and obstacle laden process. However, it seems that the NPM challenges can serve as appropriate landmarks for the advancement of public organizations along a route, which properly combines the government's economic and social goals with the use of knowledge and experience, which are abundant in the business sector.

REFERENCES

- Boston, J., P. Dalziel, and St. S. John, 1999, *Redesigning the Welfare State in New Zealand*, Oxford University Press, Auckland.
- Caiden, G.E. and N.J. Caiden (Ed.), 2002, "Toward more Democratic Governance: Modernizing the Administrative State in Australia, North America and the United Kingdom", in E. Vigoda, *Public Administration: An Interdisciplinary Critical Analysis*, Marcel Dekker, New York.
- Carter, N., 1989, "Performance Indicators: 'Backseat Driving' or Hands Off Control?", *Policy and Politics*, No. 17: 131-138.
- Doron, A., 1995, "In Favour of the Welfare State in M. Elkana, *Yozma Letzedek Hevrat, Givat Aviva*", *Yot Yaari*, 85-95 (Hebrew).
- Dye, T., 1995, *Understanding Public Policy*, Prentice-Hall, New Jersey.
- Friedberg, A. (Ed.), 1999, *State Audit in Israel: Theory and Practice*, Academion, Jerusalem, (Hebrew).
- Garson, David G. and Samuel E. Overman, 1983, *Public Management Research in the United States*, Praeger, New York.
- Gidron, B. and R.M. Kramer, 1992, *Governments and the Third Sector: Emerging Relationships in Welfare States*, Jossey-Bass,

