Navigating the Digital Frontier: Transforming Public Governance in the Age of New Public Management

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ABSTRACT: Today, it seems clear that significant changes have taken place in public governance systems in many countries, particularly in the most influential industrial countries, in response to technological developments.

With this in mind, this work aims to examine a number of alternative scenarios for change in public governance within states in the digital age, as these changes interact with the legacies of previous public management reform movements.

We therefore seek to contribute to a better understanding of the emerging problems of New Public Management (NMP), and to seize the growing opportunities offered by Public Governance in the Digital Age (PGE).

KEYWORDS: New Management Public, Public Governance, Digital Era

I. INTRODUCTION

Defining periods in the evolution of any complex system, such as public governance systems in developed countries, is a delicate task. New developments accumulate while older trends continue to manifest themselves and seem to thrive. Relatively established ideas in cutting-edge sectors leave countries to be implemented in previously lagging areas, even as the same ideas are repudiated or reversed in once pioneering places. A confusing array of changes is taking place simultaneously, among which it is difficult to distinguish ephemeral, oversized innovations from fundamental, lasting ones.

Despite these significant difficulties, it seems clear that significant change has taken place in the public governance systems of the most influential industrial countries. In these states, public administration has undergone a sustained period of organizational change in response to technological developments. Governments saw the potential for transformation in their interactions with citizens, businesses and other governments. These changes have had diverse effects. Indeed, the reality of government IT has often failed to meet the expectations of policymakers, or to stand up to comparisons with other sectors, but they are challenging deeply conventional approaches to understanding public administration. The ongoing development of government IT systems, and the wide range of relationships between government agencies and their suppliers, is the reality of modernization and rationalization in the modern world.

In this work, we attempt to define what we believe is an emerging paradigm in public administration. The thrust is to emphasize that IT changes in administration are no longer peripheral or routine aspects of contemporary public governance and public policy change, but increasingly important and determining influences on what is feasible. The influences of information technology (IT) and information systems are as important in current public sector governance as they are fundamental to contemporary Weberian rationalization processes. We consider that this influence of information systems has effects that are not directly explained by technology as such, but by a wide range of cognitive, behavioral, organizational, political and cultural changes linked to information systems in the broadest sense. The changes we are talking about are by no means inevitable, which is why we examine a number of alternative scenarios for change in public governance within states in the digital age, as these changes interact with the legacies of previous public management reform movements. In this work, we present this new constellation of ideas and modernization changes as a coherent picture of what the future of public governance might look like, this new reform transition is called, "Digital Age Governance" (GEN). This name underlines the central role that changes in information technology and information systems now play in a vast series of modifications to the way public services are and (will be) organized as business processes delivered to citizens and/or customers.

Within this framework, this work aims to understand, firstly, why New Public Management is today so criticized for its overall ineffectiveness, which has led its most ardent defenders to acknowledge that it is "middle-aged" and generates negative side-effects. In this respect, the first part of this article reviews a general argument about how and why the NMP ultimately stagnated, despite its substantial contributions to public sphere reform. Equally important, the second part examines how NMP's transition to digital-age governance can be characterized as a whole, and highlights the unique and genuine opportunities for modernization that lie ahead

over the next decade. NMP processes have the potential to improve productivity and efficiency, while streamlining the state apparatus and giving citizens greater control over their own affairs.

II. THE CRISIS OF NEW PUBLIC MANAGEMENT

(Today, the most ardent defenders of the NMP now expect it to have little impact on the overall effectiveness of government. NMP practices are largely institutionalized and will continue to be so. Indeed, some authors speculate that the NMP has failed to alter many previous public management practices, sometimes referred to as "progressive public administration" (PPA) (Hood 1994, chapter 7). Yet, despite this highly negative assessment, NMP ideas continue to gain influence in countries that were previously rather resistant to this approach, such as Japan (Yamamato 2003) or India (Chakraverti 2004). However, it has to be admitted that NMP is no longer a novelty. Rather, it is a set of public management ideas that are two decades old. Even NMP-friendly analysts have been led to acknowledge that it is "middle-aged" and generates negative side-effects, while resisting evidence of its senescence (Hood and Peters 2004).

Apart from the above, the optimism of NMP proponents is countered by critics who argue that this approach has produced unpleasant consequences. In fact, the evidence of superior efficiency claimed by NMP proponents has been challenged in recent years on methodological grounds (Boyne, 1997). A study by Batley of procurement and other forms of competition and private provision of public services in developing countries concludes that "The presumption that private sector involvement achieves higher levels of performance is only partially supported by the evidence. (1996 :748)

Le Grand and Barlett (1993) have pointed out that the quality of service delivery can decline as ambitious professional standards are increasingly replaced by minimalist, thrifty management standards. By placing too much emphasis on cost-cutting, NMP can encourage the pursuit of flawed policy efficiencies with short-term gains, undermining the state's ability to take a long-term view on issues such as education, technology, health and the environment. These are issues that must be taken into account in the quest to transfer NMP to states in crisis.

Dunleavy and Hood (1994) note the concerns of traditional bureaucrats or "hierarchists" about the potential destabilizing effects of NMP if processes of change were to get out of hand, become unmanageable and cause irreversible damage to the provision of public services. For developing countries, but not for the World Bank and donor agencies, the price to be paid for such policy errors can be high in terms of threats to political stability and loss of economic well-being.

In lamenting the collapse of the welfare state, critics of the NMP also point to growing inequality, as market-like mechanisms produce "niche-seeking" behavior by public service providers (e.g. primary care doctors seeking to avoid the most disease-prone socio-economic groups; good secondary schools biasing their entrance procedures in favor of children of parents from higher socio-economic groups) (Pollitt, 1994). Thus, cultural and organizational change in social provision, expressed in the concepts of market and individualism, can arguably create conditions of social exclusion (Mackintosh, 1997). Such reforms can therefore harm most of those who need state support and social safety nets: the poor and vulnerable.

The above egalitarian critique of NMP (Dunleavy and Hood, 1994) notes that it can foster self-interest and corruption, as policy-makers and senior civil servants opt for privatization and outsourcing because of the increased opportunities for rent-seeking and other forms of crime. Critics also argue that the NMP has led to a decline in ethical deontologies in public life, with an increase in greed, favoritism or conflicts of interest. For developing countries, where patronage systems are more widespread and accountability mechanisms are weak, adoption of the NMP may lead to more abuse and arbitrary use of discretion (e.g. in procurement).

There are also complaints about the loss of public and traditional channels of local accountability, as functions are fragmented among numerous agencies and many are privatized or outsourced to for-profit commercial enterprises (Dunleavy and Hood, 1994; Ferlie et al., 1996). Fragmentation makes accountability and control more difficult. Finally, there is a risk of a considerable increase in transaction costs, as governments and other purchasers strive to control the contracts of a growing and varied number of provider organizations, and new independent administrative authorities (AAIs) have to be set up to regulate market mechanisms.

In practice, as Pollitt (1994) has noted, NMP techniques may work better in some contexts than in others. The utilities sector covers a wide variety of activities, some of which have a high technological content (e.g. telecommunications) and others few; some are people-centered (e.g. health and education) and others not; some competitive, some very difficult to reshape in a competitive format. It's important to keep these differences in mind, as they increase or decrease the chances of NMP being a good fit in crisis states.

Clarke and Newman have also argued that NMP "is often described as a global phenomenon - a central element in the process of convergence between states, overriding distinct political and cultural characteristics" (1997: ix). Given the different and difficult circumstances of economic adjustment reforms, and the potential risks mentioned above, it is doubtful whether a universalist, "evangelical" approach to NMP is a viable option. Even in developed countries, experience suggests that change towards NMP "has not been fluid and linear, but on the contrary, uneven and contested", and that social actors are not unambiguously shaped by large-scale trends or forces of change (Clarke and Newman , 1997: x).

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The above criticisms of the NMP and concerns about social cohesion, equity and stability have rekindled interest in the active role of the state in certain aspects of development. The debate is now turning to how to revitalize the state to enable it to play its role effectively. As the British Secretary of State for International Development has pointed out, the main objective of development policy, the eradication of poverty, can only be achieved "by strong and effective states", and that "the era of total dislike of the public sector in general and states in particular is coming to an end" (Minogue et al., 1997).

The refocusing on the effective state is highlighted in the 1997 World Development Report (World Bank, 1997), The State in a Changing World, which marks a significant shift in thinking about the state and its role in development: the need to put the state back at the service of development. The Bank now recognizes that public sector reform using the NMP method does not lend itself to clear, unambiguous solutions; NMP is not a panacea for all public sector problems.

The enthusiasm for neoliberal policies and NMP practices that characterized much of the 1990s and early 2000s is now tempered with caution and, in some cases, rejection of the more extreme forms of the NMP approach. It is recognized that imposing one reform model on all, whatever the context, is unwise and unworkable, and may even generate conflict and undermine stability. The way forward is to improve the functioning of the state, not to dismantle it. The World Bank proposes two strategies. The first is to match the role of the state to its capacity; the previous mistake was that the state tried to do too much with too few resources and limited capacity.

The second approach is to strengthen state capacity by revitalizing public administration institutions to enable them to fulfill their enabling, regulatory, monitoring and coordinating roles. This will involve creating effective rules and constraints, encouraging greater competition in service provision, implementing measures to monitor performance gains, and achieving a more responsive mix of central and local governance by steering policies in the direction of greater decentralization (World Bank, 1997).

III. THE EMERGENCE OF GOVERNANCE IN THE DIGITAL AGE

There are a multitude of proposals for characterizing the wave of post-NMP management changes currently underway. Many seem over-optimistic, looking forward to "banishing bureaucracy" (Osborne and Plastrik 1997) or achieving a "post-bureaucratic" administration (Heckscher and Donnellon 1994; Kernaghan 2000). In some industrial countries, the idea of administrative convergence has been seen in part as a means of mitigating the effects of NMP and creating compensatory changes, particularly in regulatory areas (Wood 2004). the view of some analysts, highlights the central importance of Information Technology (IT)-based changes in management systems and in methods of interacting with citizens and other service users in civil society, to support and integrate current bureaucratic adaptations.

As with any succession of management regimes, some elements of post-NMP public management style are set by what has gone before, both in terms of continuity for those elements that have worked better or still have potential for development, and in terms of reversing what has worked less well and re-emphasizing priorities that NMP tended to neglect. However, we want to make a more ambitious argument here, namely that the unifying and distinguishing features of the current evolution of organizational and managerial change in the public sector revolve primarily around IT and information systems change. Of course, we've noted that IT systems have been important elements in shaping change in public administration for several decades now, with the first wave of impact of automated data processes eliminating several thousand clerical jobs, and subsequent waves producing smaller but recurring savings and larger changes in administrative decision-making processes (Margetts and Yared 2003).

Yet the waves of IT change that occurred before the end of the 1990s had very limited transformative effects. Office processes were largely adapted to and integrated into the pre-existing organizational culture of public sector organizations. And once functions had been routinized to the point of being processed automatically, organizational cultures tended to diminish in importance for managerial performance. Organizations became highly dependent on their IT infrastructures, but this didn't shape their operating modes as much as might have been expected. What's different in the current period is the growth of the Internet, e-mail and the Web, and the generalization of IT systems, which no longer just affect back-office processes, but significantly condition the entire set of relationship conditions between government establishments and civil society.

By GEN we mean a whole set of changes, of which information technology and information processing are central, but which are much more widespread and occur simultaneously in many more dimensions than previous IT influences. For the first time, it makes sense to characterize today's vast shift in the public governance regime in terms of the new information processing possibilities that are making possible a transition to fully digital modes of operation for many public sector establishments. The advent of the digital age is now the most general, pervasive and structurally distinctive influence on the evolution of governance arrangements in advanced industrial states. Note that our position here remains very different from accounts that implausibly predict the utopias of e-government, or that already claim the construction of a "virtual state" (Fountain 2001; Accenture 2004). In contrast to these narratives, we emphasize that GEN is a movement of the digital age in society at large. But GEN is not only, or even primarily, about digital changes within the government apparatus itself.

The changes of the digital age have already triggered many important changes: the large-scale switch to e-mail for internal and external communications, the growing importance of websites and intranets in organizations' information networks, the development

of e-services for different customer groups, the growth of electronic procurement systems, a fundamental transition from paper-based to electronic record-keeping, and so on.

Contemporary developments in information technology are also changing the norms and patterns of information processing in society, as the ways in which consumers are informed and participate in business evolve in high-tech sectors. The disintermediation changes that have affected the service sectors most closely related or similar to the private sector, such as banking, insurance, comparison specialists, travel agencies and even e-commerce, have had a particular influence on governments. Similarly, business-to-business interactions in areas such as public procurement have a direct impact on what civil society actors expect from government. As consumer and private-sector business behavior evolves, there are direct demands for government information and transaction practices to evolve in parallel. The time lags here are considerable, on the order of half a decade, but there are strong similarities in the ways in which innovations are disseminated.

The impact of governance changes in the digital age is also externally conditioned. The main influences on major IT changes are commercial, with demands from the corporate sector for new capabilities, and then oligopolistic (or quasi-monopolistic in the case of software) supply-side responses. The main external influences on state organizational change remain corporate management, although this is a different era to the now outdated NMP influences, many of whose current effects are also strongly influenced by the digital age. Societal information systems are integrally linked, and changes in civil society behavior reflect much broader contextual changes.

In more specific terms, the impact of digital-age governance practices can be considered under three main themes. The first theme is partly a reaction against the emerging problems of the NMP, and partly reflects the opportunities of the digital age. But the other two themes are essentially tangential to NMP practices, without converging with them but with a rather different orientation. These high-level themes are :

- **Reintegration.** The main opportunities for harnessing the technologies of the digital age lie in bringing together many of the elements that the NMP has separated into distinct corporate hierarchies, relieving citizens and other civil society players of the burden of integrating public services into usable packages. Reintegration approaches are not simply rehashes of the old centralization phases of the centralization/decentralization cycles. Nor are they mere variations on an unchanging menu of administrative possibilities that extend to camera lists, as the more desperate contemporary commentators sometimes seem to suggest (Hood 1998). Rather, they represent an antithetical (and partly synthetic) response to the NMP experience.
- **Needs-based holism**. In contrast to the narrow changes in joint governance included in the reintegration theme, holistic reforms seek to simplify and modify the entire relationship between organizations and their customers. The creation of larger, more encompassing administrative blocks is linked to an "end-to-end" restructuring of processes, removing unnecessary steps, compliance costs, controls and forms. It also emphasizes the development of a more "agile" government, capable of reacting quickly and flexibly to changes in the social environment.
- **Change in. Digitalization**. Achieving contemporary productivity gains through IT and related organizational changes requires a much more fundamental grasp of the opportunities offered by a transition to fully digital operations. Instead of seeing electronic channels as an adjunct to conventional administrative and business processes, they become truly transformative, evolving into a situation where the organization "becomes its website".

CONCLUSIONS

Most social scientists are skeptical of claims that technological change leads to changes in social behavior. But for just over a decade, the development of the Internet and the web has already fundamentally changed the way global industries operate. The direct and mediated impacts of the web continue to alter the social behavior of hundreds of millions of people every year, in one aspect or another. Is it any surprise, then, that these changes are also having significant effects on public governance and state administration? Our central argument is that, while the impacts of technological change are never direct and are always filtered and conditioned by organizational, social and political processes, they have nevertheless been and will be substantial in the sphere of government too.

The growth of the Internet and the web has contributed to the obsolescence of the NMP, whose importance in defining future directions for change is fading. Perhaps this change would have taken place anyway, as the novelty of NMP wears off and its visible difficulties accumulate. But the growth of the Internet and the web has also helped to illuminate a prosperous future with the advent of GEN. As with the NMP, a wide range of NEM-specific changes are taking place within the framework of fundamental but flexible principles (of reintegration, holism and digitization). This parallel suggests that, in the same way as the NMP, already existing GEN trends can be developed and maintained for a substantial future period. We speculate further on future trends, pointing out that governments on the one hand and the IT industry on the other may have to change their practices quite radically if the best results are to be achieved.

Despite this inevitable indeterminacy, we believe that the current period holds the promise of a potential transition to more genuinely integrated, citizen-centric public governance, whose organizational operations are visible in detail both to staff operating in fewer

and larger public bodies, and to citizens and civil society organizations. A certain penumbra of fads and regressions will almost inevitably surround the move to GEN strategies in leading-edge countries.

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