

# Paradoxes of Human Nature and Public Management Reform<sup>1</sup>

Colin Talbot<sup>2</sup>

The history of public management reform programs in the last decade of the 20th century was dominated by a single phrase: “new public management” (NPM). Whether writers considered NPM a universal phenomenon or merely a localized trend within Anglo-Saxon states, whether it was seen as a positive or negative development, NPM was the benchmark against which all public management reforms seemed to be compared and judged. Whether or not reforms were judged to be part of NPM, the reform activity was certainly plentiful (Pollitt and Bouckaert 2000).

This article offers a critical evaluation of NPM in the context of developments in the United Kingdom (UK) over the last 2 decades or so. It approaches this evaluation from a very specific perspective: that of what might be called “paradoxical systems theory.” NPM has been analyzed by many as containing fundamentally contradictory aspects (Aucoin 1990, Pollitt 1990, Hood 1991, Ferlie et al. 1996). The paradox-based theoretical framework, it is suggested, helps to explain some of these contradictions and problematics associated with public management reform. While this analysis is based on the UK, it may well apply more widely.

## I. Paradoxical Systems Theory and Human Nature

The notion of paradox has emerged in the study of organizations and management in general in the recent past. Academics, practitioners, consultants, and management gurus have all picked up the idea and used it in some more and some less serious ways. Probably the most famous management guru book of the late 20th century, *In Search of Excellence* (Peters and Waterman 1982), contains a brief discussion of paradoxical human nature in which the authors suggest that humans are inherently paradoxical. They suggest, for example,

---

<sup>1</sup> This article is a substantially amended and expanded version of an article that originally appeared as Talbot, C. 2003. La reforme de la gestion publique et ses paradoxes: l'experience britannique. *Revue Francaise D'Administration Publique* No 105/106. Paris: Ecole Nationale d'Administration.

<sup>2</sup> Colin Talbot, Director, Nottingham Policy Centre and Professor of Public Policy, University of Nottingham.

that humans crave both autonomy and belonging and as a result have ambivalent attitudes to organizations. Another popular organizational study that also, like *In Search of Excellence*, attempts to identify the important traits of high-performing companies concluded that it was a set of paradoxical behaviors that best characterized such organizations (Collins and Porras 1997). Many other examples can be taken of a developing school of writing on paradox in organizations (Miller 1990, Horton 1992, Felstead 1993, Handy 1995, Harvey 1996, McKenzie 1996, Price Waterhouse Change Integration Team 1996, Cannon 1997, Fletcher and Olwyler 1997, Talbot 1997a).

The most sustained and successful attempt at theorizing the role of paradoxical systems in organizations comes in the work of Robert Quinn, Kim Cameron, and colleagues (Quinn 1988; Quinn and Cameron 1988; Quinn et al. 1996; Cameron and Quinn 1999). In a synthesis of much of organizational theory, they produce a paradoxical theory of both managerial behavior and organizational dynamics. They describe four fundamental, and contradictory, models of human organization: the rational goal model, the internal process model, the human relations model, and the open systems model.

Insofar as this is a simple taxonomy, in a classic two-by-two configuration, it seems fairly comprehensive but little different from other, similar attempts at synthesis. Where their work parts company with most organizational theory is that they see these models not as mutually exclusive “either/or” categories, but as paradoxical “both/and” types. They are mutually contradictory, but nevertheless each may, and usually does, coexist in the same organization with a permanent dynamic tension toward each quadrant of this model.

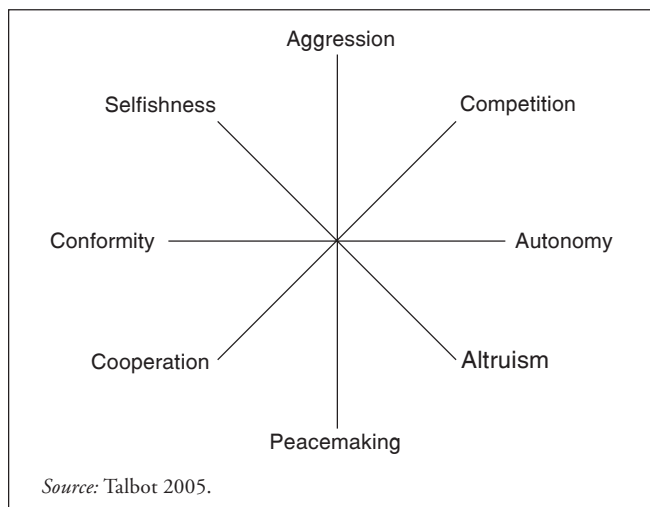
The term paradox here needs to be clearly understood. It does not mean, as is often the case in colloquial usage, something which produces an unexpected or perverse result—for example, efforts at decentralization that result in greater centralization. Paradox in paradoxical systems theory is a sustained, or permanent, contradiction of apparently mutually exclusive elements that nevertheless coexist. It differs from the notion of a dilemma—a choice between contradictory elements—because it suggests such choices are either false or merely temporary. The chosen element (e.g., decentralization) may be achievable in the short term but its opposite (centralization) will continue to exert pressure and may even happen simultaneously (e.g., where operational decentralization and strategic centralization occur [Talbot 1997b]). Similarly, paradox is different from contradiction and synthesis in the Hegelian and Marxist traditions, where contradictory elements (thesis and antithesis) can be resolved through synthesis. Paradox is permanent, irresolvable contradiction.

Where do these paradoxes in human systems come from? We would suggest that they are fundamental to human nature, and their existence in human institutions is merely a reflection of this underlying contradictoriness

in the character of humans (Talbot 2005). Humans evolved as social beings, but of a very particular sort. We, along with a very few other mammals, evolved what have become known as “fission-fusion” societies (Dunbar 2004). That is, while we always live in social groups, these groups vary in size and composition over time. Our human ancestors even had to function completely autonomously for periods of time (e.g., when hunting or gathering). The necessary skills for such flexible, but still mainly social, living arrangements are thus contradictory: humans need to be able to, and indeed want to, function autonomously and simultaneously want to, and must be able to, be part of a group. They may act aggressively toward other humans but they also have to act peaceably. They may be cooperative and competitive at the same time. And finally, they may be both selfish and altruistic. This last point stands in direct opposition to economic theories that humans are always, and everywhere, rational utility maximizers. These ideas are set out in much greater detail in *The Paradoxical Primate* (Talbot 2005). They are represented graphically below.

Human paradoxical instincts are of course not expressed in some simple, deterministic fashion. They are heavily mediated by two other factors: the cultural and institutional context within which individual humans are socialized, and individual humans’ “bounded rationality” (Simon 1957). Bounded rationality denotes human rational decision making constrained by i) imperfect information and ii) limits in processing capacity, and especially of calculating the costs/benefits of different choices. Flowing from Simon’s early work, a whole literature about this notion has now developed, especially the ways in which we actually make decisions, especially via heuristic decision logics.

**Figure 1. Paradoxical Human Instincts**



It is notable, however, that most, if not all, human institutional arrangements seem to include paradoxical aspects in their structures while, of course, in certain times and places putting more emphasis on one or other aspect. For example, the United States (US) is noted for its supposed “individualistic” culture, but has one of the highest levels of voluntary charitable contributions in the world, while a notably “collectivist” culture like Japan simultaneously has an amazingly individualistic religious culture.

The implication of this “paradoxical primate” hypothesis is that human organizations will always be beset by contradictory pressures and dynamic tensions that are ultimately irresolvable. While there may be prolonged periods of apparent stability (e.g., centralized organizations), these will i) be maintained only by specific efforts (e.g., maintenance of socialization and cultural norms) and ii) will nevertheless always potentially be subject to change. Moreover, because of the often hidden underlying pressures, such change may appear to be of the “tipping point” type—sudden and discontinuous.

Of course, other factors may act as immediate causal agents of change. Technological changes are often cited as such—for example, small batch production techniques displacing mass production lines—triggering the so-called “post-Fordist” trend to decentralization. However, such technological changes are only proximate causes, catalysts, that free more fundamental forces into action. Sufficient examples exist of such technological innovations being absorbed by radically different organizational cultures without producing radical change to see that they are not by themselves determining factors. Certain technologies, like small batch production, distributed low-cost computing power, or the Internet, may favor specific types of organizational solutions—disaggregation, networking, etc.—but they do not determine them. If an existing organizational or institutional culture is strong enough, it will simply absorb these changes within its existing configuration; if not, it may change suddenly and dramatically.

We turn now to apply this approach to changes in public management and specifically use the example of the UK. We develop a simple paradox-based model to try to explicate the often confusing nature of the actual changes which have occurred in the past 20 years or so.

## **II. Paradoxes of New Public Management**

The notion of paradoxical systems has begun, albeit in a small way, to enter into public policy and management analyses (Aucoin 1990; Stone 1997; Newman 2001). Perhaps the most ambitious application has been Janet Newman’s use of the Quinn-Cameron model to analyze changes to governance,

public policy, and public management in the UK under the New Labour Government (Newman 2001).

The approach adopted in this paper is based on the same fundamental premises as the Quinn-Cameron approach but suggests a different set of paradoxes, and hence analytical categories, which seem more appropriate for analyzing public management reforms.

We suggest two fundamental polarities in public management. The first is the paradox between centralization and accountability, on the one side, and decentralization and involvement on the other. Much traditional thinking about bureaucracy and administration assumes models of hierarchy and control through which both choices and accountability are exercised (Fayol 1969). On the other hand, more recent thinking about democratic renewal emphasizes decentralization, participation, and involvement as antidotes to remote and unresponsive public bureaucracy (Behn 2001).

The second polarity is between rational choice in decision making versus judgment and compromise. A recurrent theme in public administration and management has been the need for rational decision making, even if it is only “bounded rationality” (Simon 1957; Carley 1980; Leach 1982). On the other hand, a longstanding tradition has also, in various forms, recommended the role of judgment and compromise in decision making (Lindblom 1959, 1980; Vickers 1983).

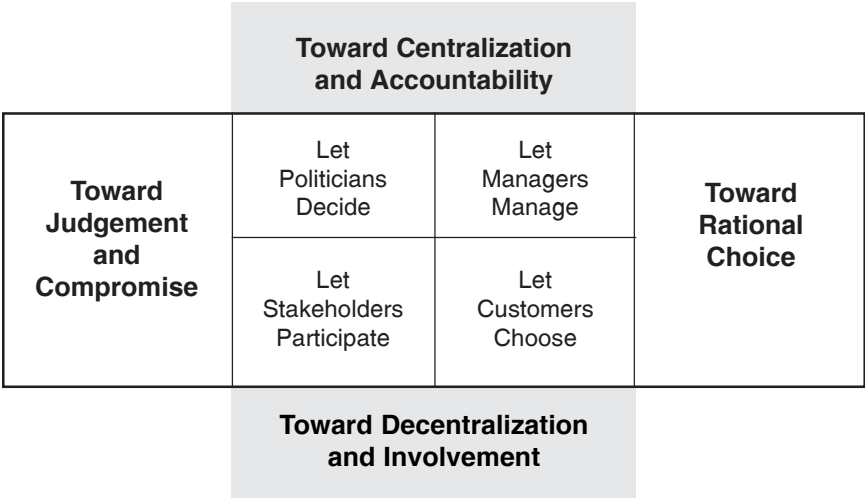
These two paradoxical pairs can be combined in traditional two-by-two fashion. The resulting four “types” can represent the four paradoxical models that underpin the NPM: let the politicians decide, let managers manage, let customers choose, let stakeholders participate (Figure 2).

It must be emphasized that these are *both* contradictory and mutually antipathetic models *and* they often coexist in NPM reforms. We will proceed by giving examples of each type of associated reforms in turn for each model.

### A. Let Politicians Decide

Our first model is “let the politicians decide.” The critique of traditional public bureaucracy models developed by public choice theorists was that they had suffered from “producer capture” and politicians had lost their ability to make effective decisions about public services (Lane 1987, Dunleavy 1991, Self 1993). This critique was popularized in the highly successful UK television comedy series “Yes Minister” and “Yes Prime Minister” in the late 1970s (Jay and Lynn 1986). In this series a fictional minister (and later prime minister), Jim Hacker, was frequently outmaneuvered by a caricature senior civil servant, Sir Humphrey Appleby. So influential was this series that the term “Sir

Figure 2. Paradoxes of New Public Management



Source: Talbot 2003.

Humphrey” has entered the English language as a synonym for a senior Whitehall civil servant. Interestingly, this view of the way Whitehall and Westminster work in practice was shared by both the Labour left and the new Conservative right.

The response to this perception of political impotence was to devise mechanisms for putting the political leadership back in charge. In the UK, this was epitomized by the election in 1979 of Margaret Thatcher, who seemed determined to get a grip on the “machinery of government” in a way not seen before (Hennessy 1990). Thatcher was notoriously hostile to the culture and ethos of the civil service, which she saw as both complacent and as often stepping beyond its remit and usurping the power of elected politicians.

A flavor of the battles to come was given by an exchange between a Thatcher political appointee as head of her Policy Unit (Sir John Hoskyns) and a former senior civil servant (Sir Douglas Wass). Hoskyns published an article arguing for the political appointment of around 20 senior managers in each Whitehall department (somewhat along US lines) as a way of achieving political control over the civil service (Hoskyns 1983). Wass hit back with a traditional defense of the need for an objective and dispassionate civil service (Wass 1983). This exchange reflected the difficulties faced by Thatcher and her supporters in pushing through radical reforms against a Whitehall bureaucracy enmeshed in the “post-War consensus” and wedded to interventionist and corporatist policies that Thatcher was determined to reverse.

The first, and most famous, initiative aimed at weakening the civil service was the Prime Minister's drive for "efficiency" in Whitehall led by Sir Derek Rayner, a businessman brought in to the center of government and working directly for Thatcher (and appointed within only a couple of days of her election victory). Rayner initiated the famous "efficiency scrutinies" with the full backing of the Prime Minister to drive through changes (Metcalf and Richards 1987). This was the first of a series of initiatives that were not simply aimed at "efficiency" but at fundamentally weakening the civil service by reducing its numbers and promoting mechanisms to reinforce the role of ministers. An immediate target of reducing civil service numbers from 732,000 to 630,000 by 1984 was set, a target that was exceeded (Theakston 1995).

More specific systemic changes also began to emerge over the duration of the Thatcher and Major governments (1979–1997). The first were various attempts at creating ministerial information systems that would give them greater control over their departments and civil servants. The early champion of this idea was Michael Heseltine, who introduced just such a system (called MINIS, for Ministerial Information System), first at the Department of Environment and later at Defense. While many other ministers were less enthusiastic than Heseltine and Thatcher about this "minister as manager" model, gradually the idea was spread throughout Whitehall (Theakston 1995).

A second piece of new technology for ministerial control was the "Next Steps" initiative to create semiautonomous executive agencies within the civil service. Eventually more than 140 of these bodies, including around 80% of civil servants, were created (Goldsworthy 1991, Chancellor of the Duchy of Lancaster 1997). An essential feature of the new agencies was that the agency chief executive would report directly to ministers. The latter would also approve agency "framework documents" (a sort of mission statement and constitution), business plans, budgets and key performance indicators. Ministers received at least quarterly reports and conducted annual appraisals of agency performance. This was, in theory at least, a decisive shift of power from senior civil servants to ministers. Whether or not it worked as suggested is another matter (Talbot 2003).

This push toward greater control by ministers has continued under the Blair governments (1997 to date). The number of "special advisers" (ministerial appointees who are not civil servants and work directly for ministers) has roughly doubled. This has been widely seen as an attempt to strengthen the position of ministers as against civil servants. Unlike under Thatcher and Major, the majority of New Labour government members have been seen as very "hands-on," activist ministers very similar in approach to Michael Heseltine.

This approach is most clearly symbolized in the new system 2-yearly "Spending Reviews" and "Public Service Agreements" introduced by New

Labour in 1998. This new system can be seen as an attempt by the new Government to introduce a much more strategic and politically driven reform process, as set out in a number of government documents (Chancellor of the Exchequer 1998a, 1998b; Prime Minister and the Minister for the Cabinet Office 1999).

Another recent example of attempts to put politicians more forcefully in charge has taken place at the local government level. Here the reform has been the introduction of either “cabinet”-style government or of directly elected mayors, or both, as a way of strengthening the role of local political leadership.

All of the above changes, which are just examples, show an ongoing attempt to “let the politicians decide” as against permanent officials.

## B. Let Managers Manage

Our second model is “let the managers manage.” Whereas the previous model emphasized the contest for power between politicians and bureaucrats, this model emphasizes the contest between managers on the one hand and staff, professionals, and especially their representative bodies (trade unions and professional associations), inside public services.

This argument is also, to some degree, driven by “public choice” ideas about “producer capture,” but its focus is obviously different. This argument suggests that one of the key problems for public services is that they become enmeshed in “red tape”: bureaucratic rules that stifle management and staff initiative and place obstacles in the way of efficiency and flexible service delivery, responsive to customer needs. A subtheme of this argument is that public sector trade unions and professional bodies have become far too powerful and steps need to be taken to reduce this power.

The most common devices employed to enable managers to manage have been decentralization and the creation of more autonomous units. Thus, for example, the National Health Service (NHS) was broken up into hundreds of NHS Trusts, schools were offered “local management,” the civil service was reorganized into dozens of “executive agencies,” further and higher education colleges were separated from local government and made autonomous, and so on. Alongside these structural changes came attempts to decentralize management functions such as finance and personnel and make “line management” more accountable. At the central government level, this included the financial management Initiative (early 1980s), decentralization of pay and grading arrangements (late 1980s–early 1990s), introduction of various business planning initiatives and resource accounting (1990s), etc. (For general accounts of these changes see, for example, Rose and Lawton [1999], Flynn [2002]).



On the industrial relations front, the whole period of the Thatcher and Major governments saw a series of attempts to curb public sector pay (largely successful) and change working practices (with much more mixed results). In education, a prolonged fight was waged to bring in a national curriculum, national standardized testing of pupils, and a more rigorous form of inspection of schools and teaching practices, as well as the creation of schools as more autonomous units. At one time or another most groups of public sector workers were subjected to specific reform attempts, aimed (in part) at strengthening management authority, as well as general controls over pay (Farnham and Horton 1996, Thain and Wright 1996).

Perhaps the longest-running, and still unresolved, battle between management and professional and trade union power has been within the health service. Attempts at managerial reform in the 1980s clearly failed, and the introduction of NHS Trusts and the internal market in the early 1990s was about both competition and an attempt to strengthen management against professionals (especially doctors) and the trade unions (Pollitt et al. 1998). It was not until the New Labour Government that a direct attempt was made to substantially change the contract of hospital doctors and give hospital managers a much greater power to direct them—a contest that is still unresolved.

All of these attempts had common themes: strengthening the power of managers over staff and professionals; delegating greater powers to managers over budgets, organization and personnel issues; creating more clearly delineated organizational units, tasks, and budgets; and holding managers to account for their and their organizations' performance.

These reforms proved difficult to implement and sustain, and not merely because of the obvious resistance of staff and professional groups to encroachments on their autonomy and rights. The problems also proved to be systemic: reluctance of the center (especially the Treasury) to genuinely "let go" of centralized controls and the reluctance of managers themselves to take responsibility for things that in the past they could push off onto other functions (e.g., difficult individual personnel decisions could be "delegated" to the personnel function) (Bell et al. 1995, Talbot 1997b).

An example is the way Treasury controls over pay and grading systems and actual pay settlements were replaced by delegation of both, in many cases, to line departments and agencies. However, the Treasury, at the same time as this process began (mid-1980s), introduced very tight controls over "administrative" costs (later renamed "running costs")—that is, the amount of money each department could spend, in total, on staffing and other "overheads." The result was what could be best described, not as "decentralization," but as "strategic centralization" and "operational decentralization." These changes actually strengthened the Treasury's control over the total pay costs of the civil

service because in the past operational decisions, such as how many and which staff to place in specific grades, caused what was called “grade creep” and thus pay cost expansion. Even controlling staff numbers did not prevent this problem—but putting a cap on total staffing expenditure did. The line managers in departments and agencies could decide how this money was distributed, but they effectively lost control over the strategic issue of what their total pay costs would be.

### C. Let Customers Choose

The third model of NPM is the marketization variant: let the customers choose. This model essentially makes two assumptions: first, that competition mechanisms are preferable to bureaucratic means for decision making and resource allocation within publicly provided services; second, where possible this should be achieved through privatization of services, but where it is not, and despite these remaining publicly provided, a variety of ways are found in which “market-type mechanisms” (MTMs) can be introduced into them.

Privatization was the first option and this was applied by the Thatcher Governments, first of all to council (public) housing and then, from their second term in office onward, to a wide range of publicly owned businesses and utilities. In the case of businesses operating in competitive marketplaces but publicly owned, little change occurred from a customer’s perspective—their products were already competitive and subject to consumer choice (e.g., British Airways, British Steel, British Leyland [cars]).

For public utilities (telecommunications, water, gas, electricity, railways), the position was somewhat more problematic. Privatization by itself would also make little difference to customers’ choices, as these were mostly “natural monopolies” in which the barriers to entry for competitors were prohibitively high (although in some cases changing, e.g., telecommunications). Two solutions were adopted: the privatized industries were subjected to enforced competition, usually among themselves (e.g., gas, water, electricity and—most controversially—railways) and/or they were subjected to regulators charged with curbing their monopoly powers until competition could be created.

Straightforward privatization proved much more difficult in “social policy” areas (health care, welfare, education, etc.). Here the most common reform tried has been to introduce “internal markets” or MTMs (Le Grand and Bartlett 1993, Taylor-Gooby and Taylor-Gooby 1993; Wistow et al. 1994, Walsh 1995). These mechanisms were intended to increase customer choice, but it rarely turned out to be quite so simple. The health care reforms of the early 1990s, symbolically entitled *Working for Patients*, turned out to be more “bureaucrats

and doctors working as proxies for patients.” Patients actually were given no direct choice in the new NHS internal market that was created. Instead, either District Health Authorities or, in a minority of cases, general practitioner “fund holders” acting as purchasers on behalf of patients, contracted with the new NHS Trusts, the providers. Patients had no direct say or choice in what care they received.

In some other areas, such as schooling and universities, considerably more choice was available for users of these services, but this was hardly new and the changes were fairly minor.

The really radical proposal for customer choices in public provision had been promoted by the New Right: the use of “vouchers” as equivalent to money by consumers. These were widely advanced as a device whereby consumers could take their resources with them when they “chose” a provider, whether in the public, not-for-profit, or private sectors (Flynn 1993, Self 1993). While these solutions were widely discussed, few examples exist in the UK of their implementation. There is an element of university students taking their state funding with them to the university they choose, but the competition for total resources received by any one university is heavily regulated through the University Funding Councils, which set targets for student intake for each university and subject area. Universities that either underrecruit or overrecruit suffer financial penalties, so this is hardly an open competitive market (although there is a substantial degree of student choice, but this always existed). In other areas, most notably school education and health care, the intense discussions during the early Thatcher governments about vouchers produced no action.

With neither “internal markets” nor “vouchers” really succeeding in providing a mechanism for “letting the customer choose,” the Major Government came up with a new idea: the Citizens’ Charter (Pirie 1991, Prime Minister and Chancellor of the Duchy of Lancaster 1991). If consumers could not have the right to choose, they could still have rights—over timeliness of service delivery, quality, rights to complain and seek redress, etc. The Charter program was rolled out through the central Government and its agencies (e.g., Taxpayers Charter) as well as the NHS (Patients Charter) and even into the privatized sector (e.g., gas and water). Alongside the various charters as statements of consumer rights in public services came a new “Charter Mark” award for supposed good quality service. This was as an annual, competitive award with a fixed number of possible winners (although it later mutated into a standards-based award). It has to be stressed that neither the Charters nor the Charter Marks implied any change in the amount of choice available to users of services.

#### D. Let Stakeholders Participate

The fourth model of the NPM could be summarized as: all of the above and a few more. This is the idea that public services are pluralistic in their sponsors, providers, and users and complex in their operation, and therefore have to be “managed” more as networks or constellations of stakeholders, rather than in the principal interests of any one group (i.e., politicians, managers, customers, or others). As an idea, it has only really emerged in the UK at central government level since 1997, although elements of it existed prior to that at lower levels of government (Ferlie et al. 1996).

The intellectual origins of this perspective come from ideas about post-Fordist social forms, globalization, and the increasing complexity of modern societies, policy networks, and networked forms of governance, etc. (e.g., Maidment and Thompson 1993, Foster and Plowden 1996, Mulgan 1997, Weller et al. 1997, Thompson 2003). On a more pragmatic level, they have emerged from frustrations with failing policies and initiatives and what has become known in the UK since 1997 as the “joined-up government” problem (Pollitt 2003).

This approach has resulted in a distinct shift in policy and practice since 1997, although evidence of it emerged before that. In local government, in particular, numerous attempts were made to develop varieties of stakeholder participation dating back to the 1960s and 1970s, although these had been criticized by some as a form of corporatism (Cockburn 1977). The more modern version of this approach, which also linked into other NPM themes, was the new “local governance” agenda, which advocated various types of staff, user, citizen, and civil society involvement in local decision making (Hoggett and Hambleton 1987, Stewart and Stoker 1988, Clarke and Stewart 1991, Isaac-Henry and Painter 1991). Indeed, in the late 1980s a whole new movement in local government was inspired by *In Search of Excellence* and its themes about stakeholder involvement, cultural change, and customer orientation (Clarke and Stewart 1985, 1986a, 1986b, 1987, 1991; Rhodes 1987, 1987b).

Even in the central Government, which had been largely dominated by the first three variants of NPM, examples existed of wider stakeholder consultation, but these were contrary to the main trend, which was to eliminate many of the consultation processes formalized during the post-war period. For example, Thatcher early on abolished the National Economic Development Council and similar consultative bodies.

The New Labour Government sought consciously to reverse this trend in central Government. Numerous consultation exercises and reviews were established in the first couple of years of the new Government. Since then, this new, more consultative approach has been implemented at various levels. Most

formally, this has been done at local level with requirements on local government and others to formally consult with other public organizations, civic society, and the public on a whole range of issues such as policing, health care, and economic development (Marsh et al. 2001, Richards and Smith 2002).

### **III. Summary: Tides of Change**

In a fascinating study of the history of reform efforts in the US federal Government, Paul Light discerns four “tides of reform.” These were “scientific management,” “war on waste,” “watchful eye,” and “liberation management” (Light 1997). He goes on to analyze how these four tides have ebbed and flowed over decades and how they are subjected to various “gravitational pulls” that keep them circulating just like tides in the sea.

In this sense, like our paradoxical models of NPM, these tides are contradictory but often exist simultaneously, even within the same reform agendas. An example might be the creation of executive agencies in the UK civil service that can be shown to contain all four of our paradoxical models. (For accounts of the agency developments see for example Goldsworthy [1991], Greer [1994], Talbot [1996b, 2004], and Lewis [1997]).

The new executive agencies were created in part to give politicians more power. By setting the framework documents, the budgets, the key performance indicators, etc., directly for agencies, ministers could bypass the traditional Whitehall management chain, giving them much more direct power over these new organizations. Agency chief executives reported directly to ministers: this was “let the politicians decide.”

Agencies also were aimed at creating spaces in which “managers could manage.” Over a period of time they received extensive delegations of power over organizational, operational, financial, and personnel issues. Alongside these went a (weak) form of performance contracting: the idea was that managers would be given much greater autonomy and authority in exchange for producing specific outputs that satisfied their political “owners.”

But agencies were also meant to be much more focused “downward” or “outward” toward customers. In the case of agencies delivering services directly to the public, this meant changing the way services were delivered, improving their quality, and (after 1991) setting clear customer service standards through charters. In many cases enormous efforts were indeed made to find out what customers (users) wanted and satisfy their requirements, at least about how services were delivered if not the content of the service (e.g., how quickly and accurately benefits were assessed as opposed to how much benefit an individual was to get). Where agencies produced services for other government

departments, and/or where they were paid for by customers, the agency was expected in most cases to become more competitive as well as customer oriented. Those with genuinely commercial services were converted into self-financing “trading fund” agencies and subsequently, in most cases, privatized.

Finally, agencies were also encouraged not merely to see themselves as service delivery organizations to well-defined groups of customers, but to recognize that they had multiple stakeholders and networks of partner organizations. Thus, for example, the former Employment Service began to hold annual consultations about its “Performance Plan” with a wide range of stakeholder groups (employers, unemployed organizations, charities, and lobbyists).

These four aspects of the agency initiative were clearly contradictory and these contradictions sometimes surfaced as crises and dysfunctional systems.

The dismissal of the Director General of the Prison Service (an agency) over a couple of high-profile prisoner escapes revealed a major clash between the politicians’ right to decide and the managers’ right to manage (Public Service Committee 1996, Talbot 1996a). In this case the dispute revolved around definitions of the split between “policy” (politicians) and “operational” (managerial) decisions. Since the party with the real power to decide was the politicians, the definition adopted was one that suited their interests, and it was the manager who was dismissed, not the politician.

A more systemic example was the proliferation of mechanisms for “steering” the new executive agencies (Public Administration Select Committee 2003). Here the lack of clarity between the roles and powers of politicians, managers, customers, and to some extent even stakeholders added to multiplying steering apparatuses. For example, in many cases objectives and targets set by agency managers themselves clashed with those developed by ministers, which in turn clashed with objectives set in charter statements about customer services standards.

The most recent systemic example is probably the debate over performance targets. Most of these have been set centrally by politicians, but there have been constant appeals (mostly from managers) either to allow managers to set their own targets or to substitute some form of customer-based competition for targets (Prime Minister and Minister for the Civil Service 1994, 1995).

In their work on organizational and managerial paradoxes, Quinn, Cameron, and their colleagues suggest that such paradoxes can have both positive and negative consequences. The worst cases are where organizations or managers seek to use paradoxical styles or systems in haphazard and inappropriate ways, generating destructive conflicts. Mediocre or moderate success can sometimes be achieved by selecting one particular approach and

sticking to it and simply trying to ignore contrary pressures. High performance, they suggest, comes where organizations and individuals can accept and work with contradictory systems and make paradoxical decisions in ways that generate creative tensions. In the move from worst to excellent, one of the crucial factors is full awareness of the paradoxical nature of the systems being managed. But as Brunsson has shown, most organizations excel at what he calls “organizational hypocrisy,” that is, creating rational and rationalized “stories” about how things happen, denying paradox and contradiction (Brunsson 1989).

If we were to characterize the NPM reform movement in the UK over the past 20 years, it would have to be called systematic “policy hypocrisy.” All the obvious paradoxical and contradictory elements of these reforms have been rationalized away in sophisticated policy statements. Indeed, the British civil service can in some ways be seen as the best possible place to carry out “policy hypocrisy,” with their legendary skills at “finessing” policy statements. It was perhaps no accident that the only major comprehensive statement of civil service reform strategy of the 1990s should have been called “Continuity and Change.” It would be a mistake to think this represented a conscious understanding of the tensions and paradoxes of the various change agendas being pursued. On the contrary, it was a very urbane attempt to rationalize away such troublesome facts and suggest that the reform policy was all very rational and devoid of contradiction.

The reality is that the paradoxes explored in this short paper are very real and are relatively permanent. The tensions between “politicians decide,” “managers manage,” “customers choose,” and “stakeholders participate” will not go away. The only real issue is how best to manage these contradictions. A first, small, step would be to acknowledge their existence.



## References

- Aucoin, P. 1990. Administrative Reform in Public Management: Paradigms, Principles, Paradoxes and Pendulums. *Governance* 3: 115–137.
- Behn, R. 2001. *Rethinking Democratic Accountability*. Washington, DC: Brookings Institution.
- Bell, D., C. Talbot, and D. Wilson. 1995. *A Strategic Approach to People Management*. London: Cabinet Office (OPSS).
- Brunsson, N. 1989. *The Organization of Hypocrisy—Talk, Decisions and Actions in Organizations*. New York: John Wiley and Sons.
- Cameron, K. S., and R. E. Quinn. 1999. *Diagnosing and Changing Organizational Culture*. Reading, MA: Addison-Wesley.
- Cannon, T. 1997. *Welcome to the Revolution—Managing Paradox in the Information Age*. London: Pitman.
- Carley, M. 1980. *Rational Techniques in Policy Analysis*. Heinemann/PSI.
- Chancellor of the Duchy of Lancaster. 1997. *Next Steps Agencies in Government—Review 1997*. London: Cabinet Office.
- Chancellor of the Exchequer. 1998a. *Modern Public Services for Britain: Investing in Reform—Comprehensive Spending Review: New Public Spending Plans 1999–2002*. London: Parliament.
- Chancellor of the Exchequer. 1998b. *Modern Public Services for Britain: Modernization, Reform, Accountability: Public Service Agreements 1999–2002*. London: The Stationery Office.
- Clarke, M., and J. Stewart. 1985. *Local Government & the Public Service Orientation*. Luton: Inlogov/LGTB.
- . 1986a. *The Public Service Orientation: Developing the Approach*. Luton: Inlogov/LGTB.
- . 1986b. *The Public Service Orientation: Issues and Dilemmas*. Luton: Inlogov/LGTB.
- . 1987. *The Public Service Orientation: Some Key Ideas and Issues*. Luton: Inlogov/LGTB.
- . 1991. *Choices for Local Government in the 1990's and Beyond*. London: Longman.
- Cockburn, C. 1977. *The Local State*. London: Pluto Press.
- Collins, J. C., and J. I. Porras. 1997. *Built to Last—Successful Habits of Visionary Companies*. New York: HarperCollins Publishers.



- Dunbar, R. 2004. *Grooming, Gossip and the Evolution of Language*. London: Fontana.
- Dunleavy, P. 1991. *Democracy, Bureaucracy and Public Choice: Economic*. Brighton: Harvester/Wheatsheaf.
- Farnham, D., and S. Horton. 1996. *Managing People in the Public Services*. London: Macmillan.
- Fayol, H. 1969. *General and Industrial Management*. London: Pitman.
- Felstead, A. 1993. *The Corporate Paradox*. London: International Thomson Business.
- Ferlie, E., A. Pettigrew, L. Ashburner, and L. Fitzgerald. 1996. *The New Public Management in Action*. Oxford: Oxford University Press.
- Fletcher, J., and K. Olwyler. 1997. *Paradoxical Thinking*. San Francisco: Berrett-Koehler Publishers Inc.
- Flynn, N. 1993. *Public Sector Management*. 2nd edition. Hertfordshire: Harvester/ Wheatsheaf.
- . 2002. *Public Sector Management*. 4th edition. London: Financial Times-Prentice Hall.
- Foster, C. D., and F. J. Plowden. 1996. *The State Under Stress—Can the Hollow State be Good Government?* Buckingham: Open University Press.
- Goldsworthy, D. 1991. *Setting Up Next Steps*. London: Her Majesty's Stationary Office.
- Greer, P. 1994. *Transforming Central Government—The Next Steps Initiative*. London: Open University Press.
- Handy, C. 1995. *The Age of Paradox*. Cambridge, MA: Harvard Business School Press.
- Harvey, J. B. 1996. *The Abilene Paradox*. San Francisco: Jossey-Bass.
- Hennessy, P. 1990. *Whitehall*. London: Fontana.
- Hoggett, P., and R. E. Hambleton, eds. 1987. *Decentralization and Democracy—Localising Public Services*. Bristol University: SAUS.
- Hood, C. 1991. A Public Management for all Seasons? *Public Administration* 69(1).
- Horton, T. R. 1992. *The CEO Paradox*. New York: Amacom.
- Hoskyns, J. 1983. Whitehall and Westminster: An Outsiders View. *Parliamentary Affairs* 36.

- Isaac-Henry, K., and C. Painter. 1991. The Management Challenge in Local Government—Emerging Themes and Trends. *Local Government Studies* (May).
- Jay, A., and J. Lynn, eds. 1986. *The Complete Yes Prime Minister*. London: BBC Books.
- Lane, J.-E., ed. 1987. *Bureaucracy and Public Choice*. London: SAGE Publications.
- Leach, S. 1982. In Defence of the Rational Model. In *Approaches in Public Policy*, edited by S. Leach and J. Stewart. London: Allen & Unwin.
- Le Grand, J., and W. Bartlett, eds. 1993. *Quasi-Markets and Social Policy*. London: Macmillan.
- Lewis, D. 1997. *Hidden Agendas*. London: Hamish Hamilton.
- Light, P. C. 1997. *The Tides of Reform*. London: Yale University Press.
- Lindblom, C. 1959. The Science of “Muddling Through.” *Public Administration Review* 19(2).
- . 1980. *The Policy-Making Process*. 2nd edition. Englewood Cliffs, NJ: Prentice Hall.
- Maidment, R., and G. Thompson, eds. 1993. *Managing the United Kingdom*. London: Sage.
- Marsh, D., M. Smith, and D. Richards. 2001. *Changing Patterns of Governance: Reinventing Whitehall*. Basingstoke: Palgrave.
- McKenzie, J. 1996. *Paradox—The Next Strategic Dimension*. New York: McGraw-Hill.
- Metcalf, L., and S. Richards. 1987. *Improving Public Management*. London: SAGE Publications.
- Miller, D. 1990. *The Icarus Paradox—How Exceptional Companies Bring About Their Own Downfall*. New York: Harper Business.
- Mulgan, G. 1997. *Connexity*. London: Vintage.
- Newman, J. 2001. *Modernising Governance—New Labour, Policy and Society*. London: Sage.
- Peters, T. J., and R. H. Waterman. 1982. *In Search of Excellence*. New York: Harper and Row.
- Pirie, M. 1991. *The Citizens’ Charter*. London: Adam Smith Institute.
- Pollitt, C. 1990. *Managerialism and the Public Services*. Oxford: Blackwell.
- . 2003. Joined Up Government. *Political Studies Review* 1(1).

- , J. Birchall, and K. Putnam. 1998. *Decentralising Public Service Management*. London: Macmillan.
- , and G. Bouckaert. 2000. *Public Management Reform—A Comparative Analysis*. Oxford: Oxford University Press.
- Price Waterhouse Change Integration Team. 1996. *The Paradox Principles*. Chicago: Irwin.
- Prime Minister and Chancellor of the Duchy of Lancaster. 1991. *The Citizen's Charter (Cm 1599)*. London: Her Majesty's Stationery Office.
- . 1995. *The Civil Service: Taking Forward Continuity and Change (Cm 2748)*. London: Her Majesty's Stationery Office.
- and Minister for the Civil Service. 1994. *The Civil Service: Continuity and Change (Cm 2627)*. London: Her Majesty's Stationery Office.
- and the Minister for the Cabinet Office. 1999. *Modernising Government*. London: The Stationary Office.
- Public Administration Select Committee. 2003. *On Target? Government by Measurement*. London: House of Commons.
- Public Service Committee. 1996. *Second Report: Ministerial Accountability and Responsibility*. London: House of Commons.
- Quinn, R. E. 1988. *Beyond Rational Management*. San Francisco: Jossey-Bass.
- , and K. S. Cameron, eds. 1988. *Paradox and Transformation—Towards a Theory of Change in Organization and Management*. Cambridge: Ballinger Pub. Co.
- , S. R. Faerman, M. P. Thompson, and M. R. McGrath. 1996. *Becoming a Master Manager—A Competency Framework*. 2nd edition. New York: Wiley.
- Rhodes, R. A. W. 1987. Developing the Public Service Orientation. *Local Government Studies* 13(3).
- Richards, D., and M. Smith. 2002. *Governance and Public Policy in the UK*. Oxford: Oxford University Press.
- Rose, A., and A. Lawton. 1999. *Public Services Management*. London: Prentice Hall.
- Self, P. 1993. *Government by the Market? The Politics of Public Choice*. London: Macmillan.
- Simon, H. A. 1957. *Administrative Behavior*. 2nd edition. New York: Macmillan.

- Stewart, J. S., G. 1988. *From Local Administration to Community Government*. London: Fabian Society.
- Stone, D. 1997. *Policy Paradox—The Art of Political Decision Making*. New York. W . W . Norton and Co.
- Talbot, C. 1996a. *Ministers and Agencies: Control, Performance and Accountability*. London: CIPFA.
- . 1996b. The Prison Service: A Framework of Irresponsibility? *Public Money and Management* 16(1).
- . 1997a. Paradoxes of Management Development—Trends and Tensions. *Career Development International* 2(3): 117–147.
- . 1997b. UK Civil Service Personnel Reforms: Devolution, Decentralization and Delusion. *Public Policy and Administration* 12(4).
- . 2003. La reforme de la gestion publique et ses paradoxes: l’experience britannique. *Revue Francaise D’Administration Publique* (Ecole Nationale D’Administration) 105/105: 11–24.
- . 2004. Executive Agencies: Have They Improved Management in Government? *Public Money and Management* 23(4).
- . 2005. *The Paradoxical Primate*. Exeter: Imprint Academic.
- Taylor-Gooby, P. L., and R. Taylor-Gooby, eds. 1993. *Markets and Managers - New Issues in the Delivery of Welfare*. Buckingham: Open University Press.
- Thain, C., and M. Wright. 1996. *The Treasury and Whitehall—The Planning and Control of Public Expenditure, 1976–1993*. Oxford: Clarendon Press.
- Theakston, K. 1995. *The Civil Service Since 1945*. Oxford: Blackwell.
- Thompson, G. 2003. *Between Hierarchies and Networks—The Logic and Limits of Network Forms of Organization*. Oxford: Oxford University Press.
- Vickers, S. G. 1983. *The Art of Judgement—A Study of Policy Making*. London: Harper and Row.
- Walsh, K. 1995. *Public Services and Market Mechanisms*. London: Macmillan.
- Wass, D. 1983. The Public Service in Modern Society. *Public Administration* 61.
- Weller, P., et al., eds. 1997. *The Hollow Crown—Countervailing Trends in Core Executives*. London: Macmillan.
- Wistow, G., et al. 1994. *Social Care in a Mixed Economy*. Buckingham: Open University Press.