

ICT & PUBLIC SECTOR REFORM

* *A Research Note on 'Institutional Fit'*

* *For the NWO-Conference on ICT, the Knowledge Society and Changes in Work, Den Haag, June 9-10, 2005.*

Willem Trommel

1. In order to stimulate the debate in our sessions on ICT& Public Sector Reform, this brief note explores some research issues in the field . It might also provide a framework for a collective publication, but this, of course, is open for debate
2. No doubt, modern information and communication technologies ((ICT's) play an important role in the institutional reform of the public sector. It is not easy, though, to tackle the precise nature of this role. In the 'early' literature ICT was seen as a powerful instrument of institutional 'surveillance'. It was assumed that governments had a more or less natural interest in controlling administrative and social life and that ICT's would be used for this purpose. Thus, it was expected that Orwell's *Big Brother* would come to life, although in a more subtle version than the author sketched in his famous novel. Since it was not likely that governments in a liberal democracy would act as an omnipotent intelligent service, as was the case in the former communist regimes, the process of expanding surveillance would develop in a more anonymous and unobtrusive manner. ICT's would settle quietly in every corner of society, to register human behaviour in ever greater detail, while gradually establishing an unprecedented societal discipline. It would, in other words, look like a 'Foucauldian nightmare': no rude state suppression but a steady growth of the normalising powers of information and knowledge.
3. During the last decade, ICT's have found their way into the organisations and institutions of the public sector. For example: civil servants use email, citizens use the internet for information on public services, and politicians ask for continuous monitoring of the quality and performance of public sector organisations. In this process, it seems that practises of institutional surveillance and control have expanded indeed. Public sector organisations are increasingly forced into a 'spreadsheet logic' or subjected to profound inspections and audits. In this context, Power (1997) speaks of the emergence of an 'audit society'. Furthermore, an increasing amount of information on individuals is filed in numerous data bases, which potentially enlarge the institutional visibility of the citizen. In other words, empirical evidence for the assumption of increased institutional control is certainly available.
4. Remarkably, in recent literature an alternative hypothesis has been developed which stresses fully opposite effects. Frissen (1996) and others indicate that ICT's enforce a so called 'horizontalisation' of governance. They argue that ICT's facilitate a less hierarchic style of public policy, based on frequent and intensive communication between politicians, policy makers, citizens and all kinds of interest groups. In this view, ICT's sustain a network-oriented type of public sector organisation, based on the empowerment rather than the encapsulation of social groups and individuals. Again it is not difficult to point at empirical evidence that supports this assumption, for instance in the domain of public-private cooperation.
5. This debate on the growth or decline of governmental control is not very fruitful. Actually, it can be argued that both assumptions are too much grounded in 'technological determinism'. The first hypothesis tends to blow up the *informational* dimension of ICT's, leading to a modified version of the Big Brother argument, while

the second hypothesis ascribes far-reaching consequences to the *communicative* potentials of ICT's, resulting in untenable generalisations on the emergence of 'interactive governance'. Two major points must be stressed here. First, one should notice that the two assumptions are not mutually exclusive: while institutional control may increase in one dimension of the public sector, it might decrease in another. Second, the two assumptions neglect the fact that public sector reform has its own (organisational, institutional and socio-political) dynamics and is only partly dependent on ICT-developments.

6. In order to demonstrate the complex nature of the interaction between public sector reform and ICT-application, it is helpful to have a closer look at the increased activities in the area of monitoring and auditing. Are these really the expression of a Foucauldian search for institutional surveillance? It can also be argued, paradoxically, that these practises are a necessary precondition for the organisation of a less hierarchical and less controlling public sector. The idea is then that public agencies receive more autonomy in deciding how they organise themselves and choose to operate, but only under the strict condition that the output (or: outcome) of their actions is carefully monitored and evaluated. It is, in other words, essential to understand the function of ICT's within the institutional environment in which they are applied.
7. Therefore, it might be a useful step to distinguish different types of public sector reform and reflect on the role ICT might fulfil in this context. Let us start with the different shapes that public sector reform can take. Today, the public sector is not only criticised for its presumed inefficiency, but also for its inability to deal with the needs and problems of a more complex, depillarised, emancipated and high speed knowledge-society. The inefficiency argument has been stressed in the extensive literature on *new public management* (e.g. Osborne & Gaebler 1993, Polliitt & Bouckart 2000), while social theory on modernity and politics has produced the argument on the lack of institutional modernisation (cf Giddens 2000). Both arguments underlie a wide variety of public sector reforms, including such innovations as the decentralisation of governance, 'agentification', performance management, introduction of competition in the domain of public service delivery, demand based social policies, or governance in networks (cf Van Kersbergen en Van Waarden 2001).
8. In order to analyse the use and effects of ICT in those operations, a more coherent typology of reforms is needed. Kooiman (2002) defines governance as 'the totality of all governing interactions within or between particular social-political systems or subsystems'. Surveying the literature on public sector reform, three basic models of reform might be distinguished, each of them suggesting a particular shape for these 'governing interactions' and providing an alternative for the classical model of bureaucratic government (cf Peters 1996). The three models are based on different objections against the traditional mode of governance. Thereby, each model emphasises the importance of a particular subsystem, i.e. market, civil society or state. Respectively, the models involved may be labelled the market-model, the participation model and the post-bureaucratic model of governance. The *market-model* is based on public-choice hypotheses on the behaviour of bureaucrats (Lane 2000). It is assumed that managers in public organisations tend to strive for budget and/or staff maximisation. As this practise obstructs a truly goal-oriented working attitude, the market-model argues for the introduction of competitive forces at all levels of public governance. In the *participation model*, bureaucratic failure is ascribed predominantly to the under-representation of particular insights, knowledge and interests in the

process of policy making (Rhodes 1997). It is argued that today's policy issues are highly complex, both in a technical and normative sense, and therefore need to be handled in an open network rather than in the closed and one-sided environment of bureaucratic deliberation. Finally, the *post-bureaucratic model* stems from severe objections against the hierarchical, rule-based order of bureaucracy (Heckscher & Donnellon 1994). It is argued that this organisational form stimulates inertia, extinguishes creativity and talents, and prevents from a pro-active attitude towards the environment. Therefore, the post-bureaucratic model promotes less rules, decentralised decision making and the 'empowerment' of civilians and civil servants.

9. What is the function of ICT in relation to these three modes of public sector reform? Figure 1 indicates that for each of the models a particular, ICT-related functional requirement can be distinguished, as follows. a) As Le Grand and Bartlett (1993) have explained, the delivery of public goods on so-called *quasi-markets* can only be effective if there is accurate and full information available on quality and prices, so that the consumers of public goods and services are actually able to optimise their preferences. b) We also know that policy networks require a minimum amount of institutionalised interaction, in order to exchange relevant ideas and interests (Mayntz). c) Finally, the post-bureaucratic model presupposes that work is no longer structured by detailed rules and prescriptions, but predominantly by agreements on output and/or outcome. This means that a system of performance indicators must be introduced that specifies how the (autonomised) actors will be called into account (De Bruijn 2002).

	Quasi-markets	Participation	Post-bureaucracy
Information	X		
Interaction		X	
Account giving			X

Fig. 1 Preconditions for public sector reform

10. Thus, ICT's play a major role in providing reliable market information (e.g. through benchmarking), in facilitating the exchange of knowledge, ideas and interests between policy actors, and in establishing strict procedures for the evaluation of performance in (post)bureaucratic public agencies.
11. Of course, institutional reality is not as smooth as this strictly functional analysis suggests. At this point research activities become interesting and relevant as they might bring about particular explanations for a range of puzzling phenomena with respect to the use of ICT's in the setting of public reform. Three possible research issues can be distinguished here.
12. *Institutional conditions for the use of ICT's.* A key question could be if the required ICT-application is possible under the institutional conditions of the governance model at stake. For instance, it often appears that the production of reliable information on prices and quality of services is not produced by the quasi-market itself, but is dependent on strong state regulations and interventions, as is demonstrated by recent trends in the health care sector. The same is true for the audit systems that are needed to manage the performance-based (post-bureaucratic) governance systems. A central issue, therefore, is the (problematic) matching of two sets of institutional

requirements: those that facilitate ICT's and those that underlie the new mode of governance. Provisional evidence on this issue suggests that the goals of governmental reform – effectiveness, efficiency, modernisation- are under pressure due to the bureaucratisation that follows from ICT-induced monitoring and informational activities (cf De Bruijn 2002).

13. *Interaction between different ICT-applications.* Problems may also arise from the mixing of functions. For instance, data gathered to provide citizens with information on service providers, or information that was exchanged in a process of interactive policy making, may be picked up by actors who have a strategic interest in using these materials in an audit-oriented discourse. This way, the process of data collection, storage and evaluation is disrupted by the intervention of opportunistic motives and tactics. The issue at stake here is the creation of institutional warrants that protect ICT's from being transferred to an inappropriate functional domain.
14. *Unintended effects/latent functions.* Next to their obvious functions, ICT-applications may have a wide range of (unintended) effects which affect the institutional prerequisites of the new governance system (cf Trommel *cs* 2004). For instance, while quasi-markets require lively competition between providers of services, ICT's might be used for the creation of cartels that frustrate the aims of public policymakers. A second example is provided by the practise of interactive governance: intensive email contacts may stimulate the emergence of informal sub-communities that undermine the openness and/or democracy within the policy network. And in post-bureaucratic settings, clever people may manipulate performance data in such a way that the process of accounting becomes senseless. The main issue here is if the particular mode of governance offers appropriate tools to deal with these unintended effects.
15. In short, the questions raised in this research note are twofold; a) which functions do ICT's have in relation to the socio-political aims of public sector reform and b) how do the institutional requirements for the use of these ICT's relate to those that underlie the new governance system? On both dimensions a wide range of tensions and contradictions occur that demand for further explanation. In more general terms, the issue that is raised here concerns a problem of 'institutional fit'. This might be an interesting theme for a special issue of a journal.

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