INTERMEDIACY BETWEEN POLITICAL CONTROL AND INSTITUTIONAL AUTONOMY: A TRANSFORMATIVE APPROACH

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Abstract

The public sector is about providing services, managing resources efficiently and securing a return on investment. Producing results and managing performance depends on adaptation, flexibility and creativity. While one may argue for greater control to achieve performance indicators, this has to be underpinned by managerial control systems both internally and externally. Post NPM reforms have tried to respond to the problem of single purpose organisations that have distanced political control. While post NPM reforms tipped the scale toward more political control, it did not restore the balance between control and autonomy. In view of the NPM and post NPM reforms and the accompanying challenges, the paper argues that it is not possible to device a “one size fits all” response to these challenges. In trying to analyse the dilemma of balancing political control and institutional autonomy an institutional theoretical perspective is used by analysing structural and instrumental features (national political environment), cultural features (historical administrative traditions) and external constraints (technical and institutional environments). It needs to be recognised that the aforementioned features have constraints. The structural and instrumental features specify the formal constraints on leadership decisions. These constraints may give political leaders strong hierarchical control or may not give them much direction, but a lot of potential discretionary influence. The cultural features specify that public organisations develop informal norms and values which lead to a distinct institutional culture. While these informal norms and values are infused in formal structures and decision making, it may be inconsistent with the sub-culture, thereby giving it less systemic influence. The technical and institutional environment which focuses on efficiency production and internal culture may develop beliefs over time that cannot be ignored. Christensen (2008:13) refers to this as the There Is No Alternative principle which has a deterministic potential. While recognising these constraints, the adoption of an institutional perspective provides a more holistic approach to creating synergy between the political and bureaucratic environments.

Key Words: Political Control, Institutional Autonomy, New Public Management, Transformative

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Introduction

Public sector institutions exist to address predetermined public needs when democracies. They exist within a larger political and social order. Democratic rule is a seen a vehicle to achieve pre-established goals and to transmit common interest. Their legitimacy and performance is regulated by legislative and statutory frameworks. Such institutions operate in complex inter-institutional environments that need to focus on efficiency and economy to provide quality public services. Such institutions have to be validated in democratic societies which are dynamic. Considering the transitions that have occurred and continue to occur in developed and developing economies, change arises where identities are redefined, institutions are reconceptualised and normative standards redefined.

A political order is created by a collection of institutions that fit into a coherent system. Politicians organise themselves and act in accordance with rules and practices that are socially constructed, publicly known and accepted. This guides how political institutions define basic rights and duties; and create authority to resolve problems (March and Olsen, 2005:8).

New public management (NPM) promotes rational individual managers who are governed more by being “enterprising” rather than by laws or norms. This does not dispel accountability, but rather focuses on how relationships are managed to achieve efficiency beyond functional improvement. The main structural changes made by NPM reforms have been structural devolution, giving agencies more autonomy and non-overlapping roles or functions. The effect of these reforms has been more complex and bureaucratic organisations and problems of political
control. The resultant reform efforts have produced complex and multi-layered systems which have become reorganized, modified or deinstitutionalized.

Autonomy by bureaucrats implies the right to organise their internal affairs without external (political) interference. This includes 3 processes (Olsen, 2009:2):
- The claim that the moral individual is capable of making individual, responsible decisions.
- The right of institutions to function according to their own principles and norms.
- Internationalization makes institutions accountable to the international community.

Autonomy is associated with New Public Management and entrepreneurial behaviour. The core of autonomy is more specialised and autonomous organisational forms and flexible government. It refers to the freedom of individual public managers to manage.

New public management, as a model responding to the need for public sector reforms can be initiated for various reasons. Firstly, reforms could be because of environmental determinism in view of the prevailing, dominant doctrine or because of economic competition, market pressure and technical problems. Secondly, reforms could be the product of national institutional processes, where institutional history determines the route followed in adapting to international and pressure. Finally, administrative, political and constitutional features may dictate the nature of reforms. Therefore, the interplay of environment, historical institutional and polity features may constrain or enhance reform processes. This therefore does not guarantee that political reform actors have comprehensive power or that they have no chance of influencing reforms through political choice.

Institutions have an ordering effect on how power and authority is constituted, exercised, legitimated and controlled. Further, institutions operate in an environment populated by other institutions organised according to different principles and logics. March and Olsen (2005:17) argue that while the “political system” suggests an integrated and coherent configuration, political orders are never perfectly integrated. Therefore, it is important to go beyond focussing on how reforms are affected and focus on the dynamics of reform in terms of the organisation, norms, rules, identities and practices.

The relationship between politicians and bureaucrats is more intricate than mere identification of spheres of control and autonomy. Some may argue that politicians are principals and bureaucrats are agents. However, the complexity of institutional structures reflects bureaucrats as agents and also as principals who influence other agents engaged with politicians. Johnson (2013:196) argues that once the power that bureaucrats and politicians held is appreciated, the notion that the “bureaucracy is under control” is difficult to maintain in view of the fact that governance structures are not straight forward. While bureaucrats operate within structures, these structures are not only shaped by the national political environment alone, but also by the historical – administrative and technical – institutional environment.

Models for organising government

In a sovereign state model, the political administrative system is integrated. The state controls people on the basis of the democracy mandated from the people. While standardization and equality are prominent features; political control, effective decision making and competency relating to public service is complex (Christensen, 2004:6). Under such a model, reform is dominated by political and administrative leaders in a hierarchical political system, where the focus is on goal formulation and conscious means end thinking.

In an alternate model labelled by Olsen (1988: 29) as the “supermarket state”, the state is seen as a service provider, focussing on efficiency and good quality. Here, society controls the state through market mechanisms. Unlike the centralized state model, reform is essentially the result of market processes and user demand, viewing politicians as impediments to efficiency. While the supermarket state focuses on individually oriented democracy where the economic factor dominates.

Growing debate on the efficiency of the public sector has seen the call for a more efficient, streamlined and consistent state based on New Public Management reforms (NPM). NPM advocates that the public needs to be restructured around the principles of the private sector. This requires increased specialization born vertically and horizontally. Vertical specialisation was believed to be the answer to central capacity problems and allow politicians to focus on strategic issues and managers on implementation instruments. While there is a belief that professional management, explicit standards of performance, increased competition and private sector management techniques will produce enhanced efficiency without having negative effects on political control, there is yet to be confirmed findings.

The challenge of implementing the NPM approach is the adoption of components of the economic theory and managerial theory. The economic theory focuses on reinforcing the power of political leaders against the bureaucracy. This concentration of power requires centralization and control. The managerialist theory focuses on re-establishing the primary managerial principles in the bureaucracy. Such action by managers requires decentralization and delegation. The managerialist theory undermines the political control advocated by the economic theory. This contradiction creates a dilemma for political and administrative leaders.
However, the main focus of the NPM as reflected in the supermarket model is efficiency. Based on the centralized model, the main goal of public reform relates to political - democratic control, equality and equity, while deemphasizing efficiency. With different focuses on effect in the sovereign and supermarket models, this creates a challenge of balancing political control and increased institutional autonomy. The theories and ideas behind NPM do not always offer the best solutions.

The good and the bad of devolution

Structural devolution keeps politically important tasks under central control, allowing for greater transparency and less steering in minor issues (Boston: Martin and Walsh, 1996: 10). Christensen (2014:122) argues that it is not easy to define what is politically important and keeping central control by increasing institutional autonomy may not always be a reality.

Through devolution, managers are allowed to manage without too much daily interference from political leaders. One may argue that by giving managers the opportunity to manage, there can be increased political control by creating a sharp division between politics and administration. Conversely, it may become less legitimate for politicians to interfere in the business of managers who have greater responsibilities.

Structural devolution can change the instruments of control and increase the distance between political leadership and institutions. This often results in decreased central capacity for control and less attention to political considerations. A limited form of structural devolution can be the internal transfer of authority from ministries to agencies which keeps the structural affiliation stable. A third type of devolution can be the establishment of regulatory agencies. NPM reforms stress structural devolution and increased distance to executive politicians. These reforms combine vertical specialization with extensive use of “single purpose organisations” or horizontal specialization. It has brought with it some advantages, such as clearer visions.

Many studies have argued that NPM reforms constituted a complex and mixed bag of reform elements. Boston et al. (1995:14) showed that the economic ideas of NPM reforms were contradictory, since it included centralizing and devolutionary elements. Increased autonomy has created problems of political control.

The actual implementation of NPM varies from countries due to different national contexts and varying capacity to deal with the reform wave (Christensen, 2008:10). Creating separate, specialized institutions can contribute to greater demarcation of responsibility and roles; greater efficiency and predictability (Christensen and Laegrid, 2007:508). However, this can also result in increased complexity, problems of co-ordination and reduced potential for effective political accountability. Further, there is no systematic study or documentation of the effects of reforms from central administration to the allocation of functions and tasks to autonomous institutions. Therefore, it can be disputed in terms of what is regarded as smart practice. The NPM focus on vertical specialisation and on horizontal differentiation has made the public sector in many countries rather fragmented. Two of the major problems of fragmentation are political control and co-ordination. Christensen and Laegreid (2006:4) argue that NPM reforms had a mixed bag of centralizing and devolutionary elements.

Future prospects for balancing control and autonomy

Political control and institutional autonomy are not incompatible. Interactions between politicians and bureaucrats, creates conditions for bureaucrats to respond to the will of politicians but also for bureaucrats to reflect their own choices for policy outcomes. The importance lies in institutional interactions that involve different role-players. It is not possible to identify a balance, if the conditions of political control and institutional autonomy are examined in an integrated manner, without considering the diverse contexts. The argument have is that varying degrees of reform at different times have resulted in complex and multiple-layered systems, resulting in various elements of structure, culture and administration being reorganised, modified, institutionalized or deinstitutionalised. These reforms may have resulted from instrumental organisational design, an evolutionary culturally oriented impetus or the result of less systemic institutional processes (Christensen and Laegreid, 2008:2).

Structural devolution makes it difficult for political executives to determine what is going on at the administrative levels. If they are to regain political control, then autonomization and its negative effects need to be vigorously exposed. This include:

- Strengthening the political administrative centre by employing more people to perform control functions.
- Strengthening control of agencies and state companies
- Contracts to clearly delineate the accountability of managers.
- Strengthen co-ordination in a fragmented governmental structure.

Political executives can reassert themselves by using existing control mechanisms. This can help to retrieve more influence by being proactive and decreasing the importance of the power vacuum that emerged when political leaders withdrew from strong control. However, they should avoid delegating blame which can lead to conflict. They can also
propose new reforms to develop meaning and formulate visions for the public sector. They can also put more effort into procedure for reforms which transfers control tasks to politicians. This can include decision making platforms, access rules and controlling certain premises for future decisions, rather than controlling the decisions themselves. This requires them to recognize their role as organizers and policymakers. Here the formal organizational structure is important for understanding variety in decision-making behavior, while good practice cannot be guaranteed by one specific design.

It needs to be acknowledged that context specific decisions may solve certain problems relating to specialization and coordination, or may inevitably create new problems (Hammond, Jen and Maeda, 2003:10). To achieve intermediacy between autonomy and control, politicians must be motivated to act, but if they lack the capacity to assess progress in institutions, then they may experience challenges in exercising political control. Politicians can also build an element of randomness in reform processes to give them an opportunity to increase their control over the reform process. This can compensate for the lack of capacity and attention; and give them more influence over the policy process.

NPM failed to produce enhanced macro-economic results, while the micro economic effects on service delivery and increased efficiency were mixed. Further, NPM did produce some social inequality (Stephens, 1996:20). Such challenges resulted in the effort to increase vertical and horizontal integration with less specialization, so that the public administration system was less complex and fragmented.

In response to the issue of undermining control and central capacity, post NPM reforms included vertical integration of some of the agencies, either by dissolving them or integrating their activities in the ministries, strengthening political capacity at the ministries and administrative capacity close to the political executive. There was also increased focus on addressing the horizontal specialization which were seen as obstructing solutions to cross-sectoral problems and fragmentation. By introducing collaboration in central government, it can become easier to introduce co-ordinate measures.

While post NPM reforms tipped the scale toward more control, it did not restore the balance between control the autonomy under the public administration. This was partly due to the policy administration and technical difficulty in changing the structural devolution. Measures used under post NPM reforms included vertical reintegration, more controls on agencies and state-owned enterprises; strengthening central political assistants; enhancing administrative capacity within close proximity to the political executive; greater collaboration among political and administrative leaders; and cross sectoral co-ordination among public institutions.

Post NPM addresses more the horizontal dimension with more cultural and structural integration. However, while old public administration had simple integration, NPM created complex, fragmented and unbalanced complexity, with post NPM creating more integrated and balanced complexity regarding control and autonomy. While NPM offset the balance between control and autonomy in favor of autonomy, post NPM reforms, tipped the scales back to control, but not at the level that existed under “old public administration” (Christensen and Laegred, 2008:6). This could not be restored to be old system because of political, administrative and technical challenges.

An important question regarding the complexity is how far government can proceed in increasing institutional autonomy without losing political control. It is suggested that a transformative approach can find a blend between autonomy and control, but in practice, the balance is difficult to achieve. There are several reasons why the actual practice becomes a challenge. With the reforms under NPM and post NPM, new forms of control emerged. It is important to identify whether the new forms of control supplement established procedures, which can increase complexity or whether they are replacing established procedures. It could also be possible that old and new procedures merge to form new procedures of control. These developments vary between countries and often result in varying hybrid forms. Further, isolating the role of the state through single-purpose organisations creates a challenge of co-ordination, since conflicts can no longer be resolved between roles in an integrated multi functional state. In addition, if there is structural devolution, then there has to be a change in the principle of ministerial response to parliament. Christensen and Laegred (2007:512) argue that smart practice is about “craftsmanship thinking”, whereby hands-on attitudes of political and administrative leaders support collaborative public spiritedness.

Another factor to consider under NPM and post NPM reforms is that decisions should be evidence based on facts rather than ideology. Context matters and there is no best way for institutional autonomy. Reform may work better when there is low political salience, results are easy to observe, tasks do not involve complex technology and financial resources involved are not exorbitant (Christensen and Laegred, 2007:513). For example, if administrative reforms called single-purpose organisations represent ideological imports rather than good practice relevant to the context, then practice may very well be inconsistent with the administrative model.

A careful examination of the ideology underpinning reforms is important. Often reforms may act as window dressing, without really having instrumental effects at the micro level. NPM engendered a complexity of ideas on the advantages of devolution and “single purpose organisations”.

Post NPM reforms increased by complexity, by supporting an integrated public system based on central capacity and coordination. This resulted in an even more complex system of ideas wherein the same NPM and post NPM ideas continued to exist side by side. This can lead to the adoption of different reform elements containing both control and autonomy measures.

Reforms need to be accompanied by a framework for accountability. NPM is based on output, competition, transparency and contractual relations. It represents a departure from “old public administration” where accountability is based on process, hierarchical control, trust and cultural traditions. Accountability challenges responsibility to the people through elected policymakers. The emphasis is now on customers and results, which often makes administrators focus downwards towards citizens rather than upwards toward elected officials (Christensen, 2014: 18). In administrative reforms under NPM, more attention is paid to managerial accountability than political responsibility. The side effect is the ambiguity of responsibility as there maybe “many hands” (Thompson, 1980: 5).

Christensen (2014: 8) suggests that efficiency is no guarantor of good political judgement, which is essential for genuine political responsibility. A preoccupation with efficiency under NPM emphasizes the need for managerial accountability than political responsibility, which is problematic as accountability and responsibility need to be reinforcing.

Further, legitimacy issues relating to accountability may arise if autonomous institutions are established over which political control is weak. It would be suicidal to allow power relations to accelerate, without considering accountability relations. The situation of political leadership having responsibility without corresponding power and autonomous institutions having power without being accountable should be avoided at all costs. But a further problem is the nature of the relationship between institutional and political accountability. The complex nature of institutional arrangements, especially in democratic states, where there are multiple goals and actors, makes it difficult for politicians to control bureaucracies (Mattei, 2006:6). Multiple and overlapping lines of accountability becomes a difficult test for the principle of accountability. In addition, complex institutional rules, difficulty in measuring outputs and the lack of explicit production processes makes organisational governance even more complicated. In some cases, especially when there is maladministration, autonomy is difficult to sustain and the strategy of “blame avoidance” is often adopted. This clearly displaces responsibility from one level to the other and leaves no one accountable for the inefficiencies. A consideration here is to avoid a clear cut demarcation from political to institutional accountability, as this can help to protect the governance system from the deteriorating effects of fragmentation.

A need for an in-depth understanding of the special features of individual countries is important. The consideration should be to move away from a focus only on autonomy to a focus on finding a balance between autonomy and accountability. This requires addressing issues like weak co-ordination, lack of governing capacity and weak accountability mechanisms.

Another important question to raise is whether the public sector which plays a wide range of roles can have a singular form of ownership? To isolate government activities from direct hierarchical control requires clear, unambiguous policies formulated in the political sphere to be implemented by the administrative sphere. This requires stable policies and politicians have to be distanced from the implementation thereof (Mintzberg, 1996:78). In reality this rarely happens. In the public sector not all activities like foreign affairs can be isolated from the political process. Similarly, are politicians prepared to abort control of their policies and can policies really be developed in one arena to be implemented in another. This myth has to be dispelled by engaging in an interactive process that involves politics and administration.

Not all government activities can be measured for real benefits. Many public services are provided because of their magnitude. Because of the vastness of their nature, the benefits are not easily attributable. In the private sector, costs and benefits can be measured by setting standards for profit and return on investment. This allows for an objective assessment which is not politically influenced. This cannot be applied in the public sector where soft judgement is required (Mintzberg, 1996:79). Therefore, NPM and post NPM reforms need to set standards that can be achieved through monitoring and evaluation tools that can reflect the achievement of service standards.

Yesilkagit and Christensen (2009:57) argue that fundamental and historically rooted dimensions and traditions need to be examined, since public management reforms develop differently in varying contexts. For example, the authors used “path dependency” as an example of a historical trend which can be decisive in determining the level of autonomy enjoyed by bureaucrats in different countries. Different countries have different historical-cultural traditions which influence the reform paths taken in a gradual adaptation to internal and external pressure. Yesilkagit and Christensen (2009:57) identified other factors that differ across countries and require specific analysis such as:

- Politicians encourage private investments in new markets by assuring non-interference in the functioning of markets.
- The ideology of enacting governments during periods of emerging new administrative trends has an influence on the type of institutions created.
For example, the spread of NPM had a close affinity with rightist governments.

The aforementioned factors require consideration when trying to balance control and autonomy. Another factor to consider in the balancing act, is that institutional genetics should be considered. When there are two parallel systems with legitimate powers to control the executive, like in the USA, then conflict between both constitutional powers can emerge (Dohler, 2011:111). This can create running battles between the bureaucrats and politicians, as there can be conflicting interests and competing influence. In such situations, the administration does not operate in a clearly established and defined environment, thereby exposing them to political influence. Variations in autonomy and control can have important effects on actors embedded in the system which can alter the larger structure that provides the environment in which actions are planned, choices are made and goals are set (Abrutyn, 2009:457). It is therefore important to measure the impact of control and autonomy by parallel systems and how it affects the structure of society and the expansion or contraction of other institutions.

Different states respond differently to external pressure. States that respond to reforms that are ideologically dominant in other parts of the world may subject themselves to environmental determinism that may not necessarily be contextually viable. Further, constitutional features influence how countries handle reform processes. For example, Christensen (2014:3) refers to heterogeneous bureaucracies which are not conducive to reform. The impact and consequence of responses to external pressure is an important form of analysis.

Balancing political control and institutional autonomy requires attention to factual context (Kozel 2014:961). It is a grave mistake to compare countries without acknowledging the complexities that exist in each country regarding the political and administrative environments. Governments and their institutions have unique features which may influence greater autonomy over control under certain circumstances and vice versa. This requires recognition of institutional characteristics which according to Kozel (2014:963), satisfies the requirements of contextual responsiveness. Political control and institutional autonomy are the extreme ends of a spectrum and any attempt to strike a balance between them depends on the political and administrative configurations in each country.

Understanding the complexity underpinning reforms can be a cognitive challenge (Christensen and Laegreid, 2008:11). For example NPM and post NPM reforms encompass an understanding of institutional economic and management theories and applying them to varying contexts. This can create problems for leaders coping with complex reforms that maybe inconsistent and not providing the firm grounds to implement such reforms. In such instances, leaders may want to develop public institutions in a particular direction, but may fail to put them to action because they lack the “rational calculation” to see the link between means and ends (Christensen and Laegreid, 2008:14).

Another factor to consider is the impact of culture on organisational development. Kaufman (1976 in Christensen and Laegreid, 2008:18) argue that informal norms and values become features of public institutions over time. Reforms can challenge the traditional culture of organisations and may result in mixed administrative cultures, reorientating public servants to the cultural cross roads that develop as reforms are introduced.

Therefore, what is required is a careful analysis of the anticipated reforms as they are comprehensive and cannot first be implemented hastily, when the opportunity rises. But rather a critique of why and how reforms should be implemented and the envisaged consequences need to be brainstormed and negotiated. This can assist in several ways: compromise after sounding out processes and procedures; winning coalition that addresses control and autonomy at the same time; sequential attention to goals wherein control can be emphasized at one point, and autonomy may be focused on at other times (Cyert and March, 1963 in Christensen and Laegreid, 2008:16)

Conclusions

Reform measures are relevant at some levels, institutions and roles than others, thus making governmental structures more multi-structured and hybrid. The ‘one size fits all’ approach cannot be adopted. In some areas, new cultural elements of autonomy will succeed, while in others there is a greater need for stable and traditional cultural norms, making the political administrative context more hybrid. Further, it is important to understand the special contexts in individual countries, creating a need for finding the right balance between accountability and autonomy.

Stability in the trade-off between autonomy and control is an elusive goal. This is because it is a systemic feature and not a specific problem of the public sector. Conflicting values and norms will always prevail. Extensive reforms will not resolve the tensions between politics and administration; autonomy and control; and centralization and decentralization. Rather the tensions can be eased by a wholesome assessment of the political-administrative culture, structural factors and the external influence of international doctrines.

A transformative perspective in understanding the difficulty in adopting “one size fits all” approach to balance political control and institutional autonomy will correct the misconception that politicians have comprehensive power or that they have no chance of influencing reforms through political influences. Such
a perspective allows for intermediacy between political control and the influence of the environment, political and historical institutional contexts.

References