

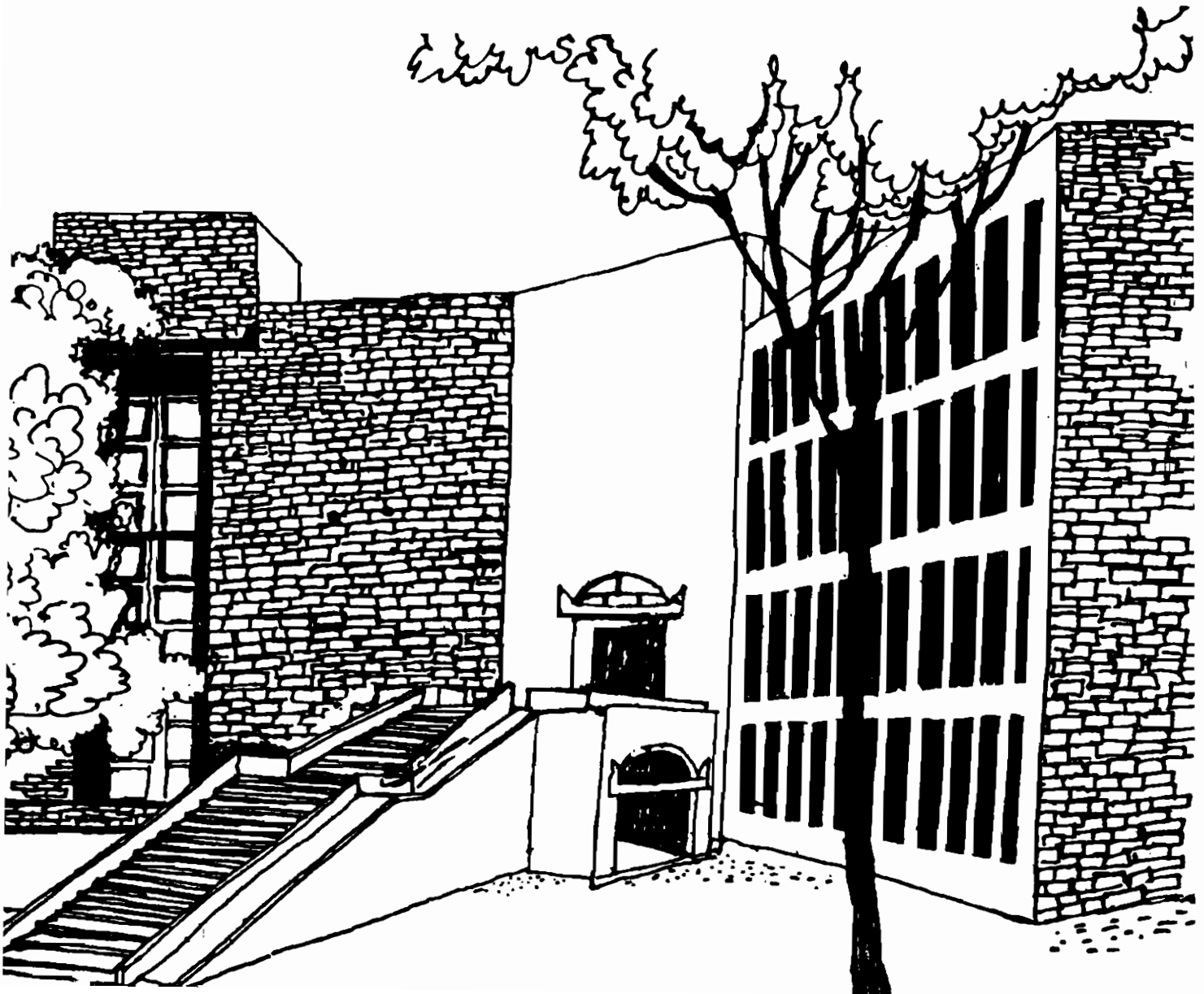


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Working Paper



**REVITALIZING THE STATE:
2. RECHARGING THE BUREAUCRACY**

By

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REVITALIZING THE STATE:

2. RECHARGING THE BUREAUCRACY

Pradip N. Khandwalla

Abstract

In virtually any kind of modern state, there is a huge role for the bureaucracy. The bureaucracy is intended to be a rational system of administration. But it is prone to many bureaupathologies, and increasing size tends to aggravate these bureaupathologies. Since the state in the 20th century has grown rapidly, it has become increasingly prone to malfunctioning on account of various bureaupathologies. Various attempts at bureaucratic reform have generally failed, especially in developing countries. Several pitfalls in administrative reforms have been listed. But there are also several success stories, from developed countries, newly industrialized countries, and developing countries, and the lessons of these successes can help recharge bureaucracies elsewhere. The experience of several East Asian countries that experienced rapid growth in the sixties and onwards, suggests how bureaucracy can be made growth oriented. Malaysia's experience suggests how values like quality, productivity, innovativeness, discipline, integrity, accountability, and professionalism can be institutionalized in a bureaucracy. The experience of Britain, Australia, New Zealand, Singapore, Canada, etc. suggests numerous ways of substantially improving the performance of bureaucracy. Several conditions are discussed for supporting sustained public service reform, derived from a study of administrative practices in a number of Commonwealth countries.

The modern state undertakes a bewildering variety of activities¹. Some of these it must undertake, such as law making, defence of territory, taxation, justice, public order, macro-economic management, and enforcement of the laws of the land. There are a large number of other activities which the state generally needs to undertake in the public interest, but it may be possible for the private sector to participate in these activities to a limited extent, such as regulation of pollution and various markets, the provision of public utilities (such as power and light), the provision of civic amenities such as drinking water, sanitation and sewerage, etc. There are activities that are often undertaken by the state but can be shared substantially with the private sector or even left to it, subject to the creation of an appropriate regulatory framework, such as banking, insurance, a transportation and communication network, ports, roads, etc. There are a whole slew of welfare-oriented activities, including medical care and income supplements for the indigent, social security, etc. the governments commonly provide. The developmental state carries on many more activities, including the administration of various developmental missions such as adult literacy, integrated rural development, creation of an infrastructure for providing inputs to farmers for raising meagre yields, the creation of industrial estates, promotion of non-traditional exports, and so forth. While politicians decide which of these myriad activities the state may undertake, once these decisions are taken it is generally the bureaucracy that is called upon to execute these because of its perceived or expected accountability, reliability, probity, familiarity with the rules and regulations of the government, or pliability in the hands of the political bosses.

Whatever be the operative model of the state, be it a reformist-interventionist, developmental, liberal and market friendly of the World Bank variety, or businesslike, there is a huge role for the bureaucracy. The bureaucracy, as Max Weber conceptualized it, is a rational organizational system². In this system the goals and purposes of the system are clear; work is standardized and criteria for choosing among alternatives are formulated for almost every sort of transaction to ensure that officials do not misuse their positions for pecuniary or other gratification; there is functional specialization, and within each function there is further specialization by roles, in order that work is competently and efficiently performed on the basis of specialized knowledge; there is division of labour; there are formal job descriptions and the powers

and duties for each role are specified; a hierarchy of authority is established to ensure that interdependent functions are properly coordinated and the work of subordinates is properly supervised; communications are formal and in writing; the relations between the organization and the staff are contractual and impersonal in nature; individuals are hired on the basis of their technical competence; and so on. A Weberian bureaucracy is supposed to function smoothly like a well-oiled machine, and to ensure efficiency, accountability, and equity. Bureaucracies are to be found not only in the government, but also in many other types of relatively large organization such as corporations and institutions.

Considerable research indicates that organizational systems tend to become more and more bureaucratic as they grow larger³. Further, bureaucracies may split into different types⁴. One commonplace type for routine work is the clerical bureaucracy in which the emphasis is on rules and their observation, division of labour, standardization and routinization of operations, and hierarchy of authority. Another kind for technical work called the professional bureaucracy has a pronounced emphasis on specialization and expertise. The same system or organization can harbour different kinds of bureaucracy.

Although bureaucracies are supposed to be rational, that is, organized in such a way as to achieve their goals efficiently, in actual practice many bureaucracies malfunction⁵. For example, bureaucracies stress specialization to ensure that work is competently performed. But specialists also tend to have "tunnel vision"; they tend to stress the perspective afforded by their own specialty and downplay or ignore other perspectives that may be relevant in a situation. Consequently, functionally specialized departments within the organization tend to sub-optimize, and conflicts between specialist departments flare up. The mindset of specialists is such that they attempt to solve problems of coordination by bringing in other specialists, thus worsening the problem. Another bureaupathology arises because of the strong rules orientation. Such an orientation cues the staff to minimum acceptable behaviour that satisfies rules. But work in an organizational setting cannot all be reduced to rules; some use of discretion and judgement is inescapable. If everyone adhered only to rules, pretty soon there would be too many unattended problems, too many problems that are solved poorly,

and the emergence of new problems, because of the mindless application of rules. Bureaucracies also often emphasize a contractual relationship of staff with the organization, hierarchical supervision, excessive formality, minute division of labour, and excessive specialization. Such a regime tends to frustrate the people working in the organization because of boredom and straitjacketing, provoking militancy, non-cooperation, or informal norms for restricting output.

Bureaucracies often create many rules and regulations to prevent malpractices. But this has the unintended consequence of creating a culture of mistrust and checks and counter-checks in which willing collaboration and teamwork get eroded. In an atmosphere of mistrust, people try to get away if they can, and that justifies further layers of rules, regulations, and controls that further choke collaboration and initiative taking. In a culture of mistrust officials avoid taking initiatives or discretionary actions that may be questioned later by superiors or auditors. Also, the emphasis on rules and regulations inverts goals and means: since people in bureaucracies are rewarded for following rules and regulations and standard operating procedures, the means (rules and regulations) for attaining the organization's goals become, for most people working in a bureaucracy, their goals, and as they forget this link between means and organizational goals, slavish adherence to rules and regulations even when they need to be changed in changing circumstances, becomes the norm. Thus, bureaucracies find it difficult to cope with change, and often resist needed changes. Bureaucracies with a regulatory mandate, common in the government, sometimes get infiltrated or corrupted by the very individuals or organizations they are supposed to regulate, because for a relatively small bribe to often poorly paid government administrators the benefits to be gained by the regulated parties can be very large. Thus, forest depletion may accelerate after the forest is put under the forest department for conservation.

The core of the state is bureaucratic, and since organizations tend to get more bureaucratic as they grow larger, this bureaucratic core is likely to get more and more bureaucratized as it grows larger. It follows that the state's administrative apparatus may become increasingly prone to various bureaupathologies as it gets larger over time. Since the state all over the globe has been growing during this century because of the need to correct market failures, offset recessions, accelerate economic and

social development, or to defend a precarious state and society, the prognosis for the bureaucratic state, to deliver what it is supposed to, gets worse and worse. This increasing disability of the state has become one of the central problems of our time, especially in the developing countries where the state has generally been attempting to regenerate society through bureaucratic instrumentalities. Many, therefore, have been the attempts at bureaucratic reform. Unfortunately, many such attempts have failed, particularly in the developing countries.

Reform Failures in Developing Countries

Latin America offers an interesting example of frequent attempts at public administration reform during the past several decades regularly going awry for more or less the same reasons⁶. Governments in Latin America have often announced bold reforms with much fanfare that resulted in little, if any change. In the sixties Brazil launched the Administrative Department of the Public Service and in the eighties the Debureaucratization Programme; in the seventies Venezuela launched the Public Administration Commission; in the late seventies Mexico launched the Administrative Reforms Programme; and Peru launched the National Office of Rationalization and Training for Public Administration in the 1960s, and the National Institute for Public Administration in the early seventies. In most cases the announced reforms never got implemented beyond the first phase of enthusiasm. The reasons in most cases seem to be similar—the reforms were too ambitious, or too big, or too unrealistic, or too optimistic, or too poorly supported, or too inflexible, or too underfunded, or too short of skilled personnel, or too politically naive, or too poorly planned and executed, or too wrong-headed, or too short of powerful backing or too outdated, or too inadequate, or too elitist, and so forth. Often the reforms were blocked by internal and external vested interests, or fell afoul of local traditions or local racism. Most commonly they did not succeed because of a soft state that could not stick to, and enforce, its resolves. These states seemed to seek rapid changes by means of formal changes without dealing with the underlying bureaupathologies. Attempts at improving the performance of the public sector did not, generally speaking, lead to improved economic growth rate. The per capita growth rate in Latin America during the eighties was just about a cipher. Indeed, it seems to have led in some cases to more public repression, greater

corruption, greater bureaucratisation, less legitimate or stable government, and more frustration within the bureaucracy and without.

Brazil's National Bureaucratization Programme, launched in the eighties, may be a case in point⁷. The programme was evolved on the basis of surveys of contacts between the citizens and administration, and small businesses and administration. Its main thrusts were deregulation, decentralization, modernization, personalization of the relations between citizens and officials (as opposed to depersonalized relations), and greater public accountability and citizen participation. During its operation, every area of the federal government was examined, millions of redundant or obsolete documents were eliminated, hundreds of legal documents and regulations were revised or discontinued, some activities were decentralized, and computer-based information technology was put to use. The programme was emulated with local adaptations in Latin America and elsewhere. And yet, the programme was over-ambitious. The momentum faltered after a while and it fell victim to ingrained mindsets of distance, dependence, soft options, and abuse of office. What began as a mighty wave gradually subsided into mainly foam.

Similar, apparently, are the stories of reform failure in the Caribbean and Sub-Saharan Africa⁸. In Jamaica, for instance, in 1978 the Ministry of Public Service established the Administrative Staff College as an important catalyst of administrative change. In an early project, it compiled summaries of the recommendations of 21 past enquiries into the public sector during 1942-1980. These summaries showed how unsuccessful reform attempts in the past had been. In the early 1980s, macroeconomic crises precipitated the adoption of the World Bank and IMF structural adjustment programme. Even this externally imposed programme seemed to be poorly managed. As part of structural adjustment, an institutional audit of the policies, programmes, structure, resources, and public sector leadership was conducted to identify barriers to increasing governmental effectiveness and productivity. Once again, several weaknesses were highlighted, especially in the Ministry of Public Service, the Office of Service Commissions, and the Ministry of Finance and Planning. The result was the Administrative Reform Programme with three inter-connected elements: financial management, human resources management, and restructuring of line agencies. The

prime minister headed the Inter-ministerial Committee on Administrative Reform. But once again, implementation appeared to be tardy. As an example, the plans to strengthen the Ministry of Finance and Planning were approved by the Inter-ministerial Committee but not implemented. At the end of the 1980s it was not clear whether most of the other reform suggestions of the Administrative Reform Programme would be implemented.

However, the Performance Improvement Programme suggested by the Administrative Reform Programme, was successfully introduced in one Jamaican ministry, namely the Ministry of Education. This was carefully planned, with several sensitization workshops to identify obstacles to adoption. Facilitators of the P.I.P. were appointed to develop action plans under the guidance of the Ministry of Implementation. Specific resources were earmarked for the programme, and there was leadership commitment to it.

But barring this example, the implementation of the Administrative Reform Programme seemed to have been mismanaged, with bitter infighting, much rhetoric and empty promises, fights over goals and means and details, incompetence and inertia.

Sub-Saharan Africa may be another disaster area vis-a-vis not only economic degeneration but also government failure⁹. After experiencing reasonably robust economic growth during the fifties and sixties, the region underwent a series of traumas: tribal and other civil wars, invasions, purges, military takeovers, nepotism, kleptocracy, and gross indiscipline in a region of great poverty, illiteracy, weak native entrepreneurship, and weak social and industrial infrastructure. During this time, the Africanization of the public service also proceeded apace, and those that replaced French or British officials were ill-equipped to do their jobs effectively. Africa had created administrative reform catalysts, such as the African Centre for Administrative Training and Research for Development, based in Frangiers, Morocco, and the African Association for Public Administration and Management in Addis Ababa, Ethiopia. There was also the Eastern and Southern African Management Institution at Arusha, Tanzania. Further, the erstwhile colonial masters, France and Britain, as well as the US, helped with aid, technical assistance, and training programmes. But in the face of the massive political convulsions and administrative incompetence, these could not

stem the decline in government performance. In the eighties it was clear that most of the Sub-Saharan states were caught in a vicious debt-trap, resulting in high inflation and balance of payments deficit. The World Bank and the IMF stepped in with structural adjustment loans--and conditionalities.

The structural adjustment programme was a fairly orthodox one of deregulation, privatization, decontrol of prices, especially agricultural prices, withdrawal or reduction of subsidies, reduction of budgetary deficits through freeze on, or reduction of, government expenditure, retrenchment of government personnel, devaluation to discourage imports, market determined rather than administered interest rate, tighter monetary policy, floating of foreign exchange rates, reduction of export-import controls, encouragement of domestic and foreign private investment, and some attempt at revitalizing administration.

This orthodox economic reform recipe, perfected in Western economies and cushioned there by a welfare state, applied to very different conditions in Africa, added much misery to the existing suffering in most Sub-Saharan countries. Fairly massive unemployment followed reduction in public employment ranging from 10% to 50% without any safety net, accompanied by a freeze on remuneration not compensated by a freeze on price rises. Poverty increased. In some of the hard hit countries political chaos worsened. Instead of the hoped for economic resurgence, there was decline in several countries. The annual per capita growth rate during 1985-1995 was negative in 15 low income Black African countries, and positive in only 9¹⁰. The structural adjustment programme failed more often than succeeded partly because it was faulty in its conception but also because it was badly executed.

Pitfalls in Implementing Public Administration Reforms

A review of the fairly widespread failure of public administration reforms in many countries led Gerald Caiden to identify several pitfalls in implementation that need to be avoided¹¹. These are:

1. **A bad start.** Imposed implementation often does not work. Cooperation and participation of the affected staff is important.
2. **Imitation rather than innovation.** Reform has to be tailor-made to specific countries, cultures, departments, and activities. Then the chances of institutionalization brighten. Recipes applied without taking into account local conditions do not work.
3. **Incorrect diagnosis.** Often reforms are introduced according to the ideological or theoretical whims of powerful politicians or outside funding agencies without investing in data gathering, creating a factual basis, and an objective and correct interpretation of the facts.
4. **Unattainable objectives,** either because they are undefined or abstract or too ambitious.
5. **Obstructive structure,** such as excessive or inadequate hierarchy, poor communication mechanisms, poor conflict resolution mechanisms.
6. **Inadequate specification of expected performance,** resulting in the staff not knowing what is expected of them.
7. **Hidden agendas.** Sometimes reforms are seen as merely camouflaged purges of the opposition or the enemies of the clique in power.
8. **Indecisiveness.** The reformers themselves are not united on what they wish to achieve, so that reform actions seem indecisive or contrary.
9. **Faulty planning.** No provision or inadequate provision for contingencies; failure in creating a support base for the reforms by making them credible.
10. **Narrow vision.** There is a wide choice of instrumentalities for the reforms process, such as public enquiries, changes in law, institution building, reorganization,

professionalization, scientific management, use of tools of management sciences, budgeting, automation, education, training, executive development, decentralization, privatization, management consultancy, debureaucratization, information systems, policy sciences, and so forth. Often, reforms fail because the reformers may over-rely on just one or two instrumentalities such as change in law or a new regulatory structure or changes at the top.

11. Insufficient resources to units where reform is to be implemented. Non-delegation of authority to these units to raise needed resources.
12. Poor monitoring of the progress of reforms. Inadequate feedback to the reformers. Inadequate checking up of the validity of the feedback. Ignoring of the evaluation of the reforms by the reformers, especially failure to check out with the intended beneficiaries of the reforms what the ground realities are.

Successful Reform in Public Administration

Depressing as the failure of public sector reform is in many countries, there are also success stories, including some in the Third World. One main requirement often neglected in countries where ambitious reform has been attempted is the creation of a growth-oriented bureaucracy. Bureaucracies tend to develop various bureau-pathologies that impede positive change. It is when a bureaucracy is inspired to work beyond its own narrow, short-term interests that it works for reforms, rather than against it. But it is not easy to change the orientation of bureaucracies. The politicians have to convince bureaucrats that people's welfare, economic growth and social development are, in fact, their overriding goals, not just self-aggrandizement. Meritocracy needs to be institutionalized so that those who are able and willing to work for social and economic regeneration not only get rewarded, but set a credible example for the relatively less idealistic officials. The compensation package of public officials has to be commensurate with the great responsibilities they often have to carry, and in any case such compensation should not be grossly inferior to the prevailing market rate in the private sector, so that there is not much temptation for the able in the public sector to abandon it. Fourthly, considerable freedom and autonomy needs to be given to

officials, subject to their complying with the policy framework, rules of government functioning, and the goals of the agency, department, or developmental project, as the case may be. Finally, monitoring of work is important, so that remedial action can be taken, and the system as a whole learns to perform better.

Campos and Root examined how the bureaucracy was made much more growth oriented in several East Asian economies that experienced rapid economic growth during the sixties, seventies, and eighties¹². These include Japan, South Korea, Taiwan, Hong Kong, Singapore, Malaysia, Thailand, and Indonesia.

The Asian Miracle Through the Creation of a Growth Oriented Bureaucracy

According to some scholars who have studied the structures and processes that enabled several East and South-eastern Asian economies to outperform the rest of the world in terms of growth rate, one crucial institutional innovation was the creation of an economic bureaucracy consisting of competent, powerful but accountable bureaucrats who were committed to growth. How was such a bureaucracy created? Campos and Root identify five mechanisms:¹³

1. The politicians were able to convince officials that economic growth was the overriding national objective. This was done in a number of ways:
 - a. Initial land reforms that redistributed land to the tillers and peasants. For instance, Taiwan, after imposing a rent ceiling in 1949, persuaded landowners to sell off excess land to the government, which in turn sold it to tenant-farmers under a land-to-the-tiller programme.
 - b. Heavy investment in education, especially primary, secondary, and technical education. The strongest effort was in South Korea.
 - c. Close interaction between the top political executives and the bureaucracy. In South Korea, the president (and dictator) General Park made personal Near Year visits to each ministry to discuss goals and strategies, and reviewed

promises received during these visits against performance at the next New Year visits.

2. Most of the high growth Asian states institutionalised a meritocracy in the bureaucracy. Again, this was done in different ways:
 - a. In Japan and South Korea, recruitment in the bureaucracy was through tough civil service examinations and promotion was based on proven ability. In Singapore selection was based on high academic performance at undergraduate levels and rigorous personal interviews, and promotions were performance based, so much so that the highest position of permanent secretary could be reached in one's thirties. In Indonesia and Thailand the examination performance screen was weak but there was much emphasis on foreign qualifications in recruitment; in Taiwan academics, especially those with foreign qualifications, were recruited for government service for 3 to 6 years.
 - b. Remuneration was at least partly tied to performance. Singapore gave a bonus to superscale officers, and incorporated an annual variable component tied to the performance of the economy. Well-performing senior officials in Japan on or close to retirement were found lucrative positions in the private sector in a system called Amakudari.
 - c. Non-performance and corruption were punished. In South Korea, Gen. Park used to summarily dismiss those officials whose performance fell below 80% of what was promised to him. In Singapore, premier Lee Kuan Yew removed corrupt officials after shaming them publicly. In Indonesia, the president dismissed some of his close associates who had mismanaged the state oil company and replaced them with more acceptable persons. Later, he sided with the technocrats and deregulated the economy against the interests of some vested interests who were his supporters.

3. Relatively low differential in public and private sector compensation. Almost all over the world private sector compensation tends to be higher, often much higher. High differentials create a powerful incentive for capable administrators to migrate to the private sector. Compensation unadjusted for inflation also eats into the real earnings of bureaucrats and creates an incentive for corruption. For instance, the base pay of a permanent secretary, the highest civilian position in Bangladesh, was eroded by nearly 90% between 1971 and the early nineties¹⁴. At senior levels, government compensation in Singapore was about 15% higher than in the private sector. In South Korea it was about 70% of the private sector level; in Thailand, 80%, in Taiwan, 65%, while in Argentina it was about 25%. Even at entry level the differentials were not large - higher in the public sector in Singapore, 80% in Thailand, 60% in Philippines, 60% in South Korea. In Japan the government undertook an extensive annual survey of pay rates and allowances in the two sectors (in 1992 some 7400 establishments, 653000 individuals, and 90 job classifications were surveyed), and public sector compensation was suitably adjusted. A part of the difference was sought to be reduced by perks and allowances—South Korea had nearly 60 different allowances.
4. Considerable operating autonomy and freedom from political interference was coupled with meritocracy and accountability for performance. Most states framed service rules to protect officials from their seniors and from politicians. Recruitment and promotion in the bureaucracy in Japan was entrusted to the National Personnel Authority which was unattached to any ministry and was independent of the legislature. Tough law-based budgetary constraints on deficits or low inflation policies, as in Indonesia, Japan, and Thailand, also restrained populist interference of politicians in the work of the bureaucracy. In Singapore the 60-odd statutory boards had, subject to parliamentary approval for their policy framework, full autonomy to hire, fire, promote, and generate resources to meet their expenditure.
5. Monitoring of economic bureaucracy to ensure performance. Park used draconian measures to monitor the performance of the bureaucracy and his ministers. In addition, the president sought briefing on economic performance at the monthly meetings of the Economic Planning Board, and attended, with his ministers, the

quarterly trade promotion conferences. In Taiwan the top politicians attended the meetings, or got inputs from, the Council for Economic Planning and Development, Industrial Development Bureau, and the Council for Agricultural Planning and Development. Many of these agencies were monitored by task forces consisting of experts from the public and the private sectors and foreign consultants.

As research by Keefer and Knack indicates, a strong, efficient, growth-oriented bureaucracy can contribute substantially to a country's growth rate¹⁵. In a study of a sample of developing and developed countries during 1960 to 1989, the researchers tried to measure such dimensions of bureaucracy as the quality and strength of bureaucracy, bureaucratic delay, corruption, risk of expropriation, and the risk of contract repudiation by the government, and their effect on the per capita growth rates of these countries. Each of these bureaucratic dimensions was significantly correlated with the growth rate. It was found that an increase in bureaucratic quality, non-expropriation, and contract enforcement raised the growth rate, and a decrease in bureaucratic delay and corruption increased it. The researchers concluded that greater effectiveness of bureaucracy could increase the per capita growth rate by as much as 70%!

Besides making the bureaucracy growth oriented, it is essential to institutionalize certain key values in the governance and administrative system. These values include quality in the public services provided to the citizens; the concern for high and growing efficiency and productivity; the importance of constant innovation to improve quality and productivity; disciplined, reliable work; integrity and accountability; and professionalism. More often than not, it is the failure in institutionalizing these values in administration that causes administration to deteriorate and attempts at reform to fail. Malaysia offers an interesting example of how many of these values were institutionalized in the government.

Making Values Work in the Public Service: The Malaysian Effort

A study by the Commonwealth Secretariat, UK, suggests that the Malaysian public service has stressed several fundamental values: quality of service, productivity, innovativeness, discipline, integrity and accountability, and professionalism¹⁶. Some of the ways by which each value has got institutionalised are described below:

Quality:

The government launched a nation-wide Excellent Work Culture Movement in 1989, with a strong emphasis on high quality of government goods and services, and their responsiveness to the needs of customers. This emphasis on end product quality was buttressed by emphasis on the quality of the processes that lead up to the delivery of public goods and services. All agencies of the government were directed to implement total quality management. Government departments were also required to formulate vision and mission statements, set quality objectives and standards. To implement TQM, each agency comprehensively reviewed its operations, and customer satisfaction was emphasised to all members of the staff. This in turn required the participation of the employees in the reorganization of the agency's operations, and strategic planning to produce the goods and services customers needed. Agencies were advised to form Quality Control Circles (QCCs) to mobilise the staff's experience, expertise, and creativity in improving practices. Another initiative was the improvement of counter services, the first point of contact between an agency and its customers, such as counters for the issue of permits, licenses, identity cards, passports, postage stamps, and bill receipts. A further initiative was the setting up of consultative panels in each agency at the federal, state, and district levels, with representation from the agency's customers, to increase responsiveness to the customer. Further, agencies were instructed to have an annual dialogue with representatives of their customers to discuss policies, programmes, procedures and rules, and the performance of the agency. The government adopted the concept of the Client's Charter (analogous to the Citizen's Charter announced by executive agencies in the UK). The Client's Charter is a written

commitment by a government agency to its customers that it will comply with publicly declared standards relating to its offerings.

Productivity

Productivity emphasis implies emphasis on producing more (of acceptable quality) from a given level of resources. The government identified several critical factors for enhancing productivity, namely, manpower, systems and procedures, organizational structure, management style, work environment, technology, materials, and equipment. As part of the exercise, identification of productivity indicators and measurement in terms of these indicators were emphasised. Excess manpower was sought to be reduced by privatisation. Systems and procedures were sought to be streamlined by improving filing, by work simplification and work measurement, and office automation. Computerisation was introduced in revenue collection by local authorities and also in counter services. Several information technology projects were launched, such as the integrated project monitoring system, electronic data exchange, local area network, public services network, integrated communications network, and the civil service link, which involves setting up an information kiosk with a database from which citizens can obtain information pertaining to various licenses, permits, and required approvals. Morning prayers were stressed as a productivity enhancing mechanism. A large number of service schemes were re-classified and within each classification a variable component in pay, based on merit, was incorporated. A Programme Performance Budgeting System (PPBS) was installed in which every department had to establish annually strategies, objectives, programmes and activities for budgetary sanction. A recent modification required each department to develop indicators of its performance relating to quantity, quality, timeliness and cost. An annual work target for every officer was required to be set.

Innovativeness

Several concrete measures were taken to foster innovativeness. These include the introduction of the Q scheme for employee suggestions, setting up of Quality Control Circles for brainstorming, search for innovations in the factors identified for enhancing

productivity (manpower, systems and procedures, etc.), and Public Service Innovation Awards for innovations that improve public service. A publication titled *Improvements and Developments in Public Services* helped to disseminate innovations.

Discipline

New regulations concerning discipline were promulgated in 1993. They empowered the Disciplinary Board to suspend immediately for upto a month any employee suspected of committing a criminal or disciplinary offence. These regulations covered even proper attire by civil servants. They listed offences and also the procedures to follow in a disciplinary action.

Integrity and accountability

For civil servants accountability means carrying out entrusted responsibilities efficiently and effectively, and in accordance with laws and regulations. For increasing accountabilities, the Audit Act was amended to enable the Auditor General to perform management performance audits and to review the efficiency, economy, and effectiveness norms of government agencies. The Auditor General's findings were scrutinised carefully by the Public Account Committee of the parliament. The government set up the Public Complaints Bureau in the prime minister's office. The Anti-Corruption Agency was set up to enforce the Anti-Corruption Act. Agencies were asked to emphasise fiscal accountability (genuineness of transactions), managerial accountability (efficient utilization of public resources), and programme accountability (achievement of programme objectives within cost, time, etc. parameters) in their activities. The Micro-Accounting System was introduced to help public managers determine what outputs cost. The Modified Budgeting System was geared to measure output and its impact. These two systems enabled agency managers to optimise resource use and impact.

Professionalism

In public service, professionalism means actions in accordance with the laws of the land, maintenance of secrecy and confidentiality of official information, exercise of only legitimate authority, avoidance of conflict of interest, integrity, propriety, impartiality, fairness, etc. Professionalism was reinforced through the New Remuneration System, which provided for elite services and merit-based remuneration. It was also reinforced by documentation and dissemination of information and the production of informative videotapes on various administrative programmes. The National Institute of Public Administration (INTAN) conducted various training programmes for public servants, supplemented by various other departmental training programmes. Some 250 training programmes for over 10000 participants were conducted in 1993 alone. A number of awards also helped to institutionalise a culture of professionalism. These included the Prime Minister's Quality Award and quality awards for district offices and local authorities, Public Service Quality Awards, Public Service Innovation Award, special awards in financial management, management of counter services, file management, project management, human resource management, information technology management, performance measurement award, best client's charter award, and quality control circle awards.

Several factors may have contributed to the adoption and operationalisation of these values. Perhaps the most important seem to be three: consensus building for change; support from the top-most political and administrative leadership and keen monitoring by it of the implementation of administrative initiatives; and a reward structure that reinforced excellence. A key role was played by the Panel on Administrative Improvements to the Civil Service (PANEL) headed by the chief secretary and assisted by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) located in the prime minister's office. The PANEL was a think tank and a prime mover of administrative innovations. Consensus was generated in the meetings of four major standing committees of public service top management. PANEL and these committees also monitored administrative changes and innovations. Teams from MAMPU were frequently dispatched to inspect agencies and the chief secretary also made it a point to make personal visits to them.

In a survey of over 400 officials of the Malaysian government in the early nineties, Hussain Atory found a strong agreement that several dimensions of the administrative work ethic had improved¹⁷. Over 60% of the respondents felt that the following values had improved substantially: (in descending order of agreement) accountability, cooperation, team spirit, diligence, client orientation, responsiveness, self-discipline, integrity and positive attitude, professionalism, and self-management.

During the eighties a number of countries successfully altered the very character and structure of their public bureaucracies. This quiet revolution had major implications for the nature of the state and the quality of life of its citizens. It was ushered in by Britain, followed by several other Commonwealth countries such as Australia, New Zealand, Canada, Malaysia, and Singapore. These efforts have got institutionalized, and are no longer in the realm of just theory or wishes or recommendations of some commission. They are worth examining in some detail. Interestingly, the revolutions in Britain, Australia, New Zealand, Malaysia, and Singapore were masterminded by politicians, while the one in Canada, though backed by politicians, was largely managed by the Canadian bureaucracy itself.

Re-inventing the Bureaucracy in the UK

The British government in the mid-nineties was vastly different from the British government in 1979 when Margaret Thatcher rode to power on the slogan of rolling back the state, clamouring that Britain was overgoverned and public expenditure had to decline so that taxation could be brought down so that citizens—particularly businessmen—could have more elbow room. While British parliamentary democracy—the province of politicians—was not changed significantly, British bureaucracy was, and profoundly. The Commonwealth Secretariat has documented a series of innovations—scrutiny exercises, the financial management initiative, the “next steps” that resulted in the creation of a plethora of semi-autonomous executive agencies, and the citizens charter—that transformed the British civil service¹⁸. A managerial culture of efficiency, giving the citizen best value for money, accountability for measured results, and a

customer orientation was sought to permeate it. The area of career civil service was shrunk; the area of contract appointments was substantially expanded. The civil service was significantly downsized.

Scrutiny exercises:

In 1979 Mrs. Thatcher created the PM's Efficiency Unit with a skeletal staff of around ten. It was headed by a distinguished private sector manager, and had civil servants and businessmen as members. The Unit conducted about twenty scrutiny exercises a year, and its efforts may have resulted in savings to the British government of some 500 million dollars a year. During a typical scrutiny exercise the Unit worked closely with a government department that was willing to have its operations scrutinised. The objective was to improve efficiency, cut costs, and give best value for money to the customer. At the inception some fundamental questions would be raised—need the department do at all whatever it was doing; could work processes be deleted or changed; could costs be cut. Typically, each activity or function performed was scrutinised. In the scrutiny the effort was to detail what actually happened, with facts and figures. Operating assumptions were questioned and fresh thinking was encouraged. The scrutinies typically lasted 3 months each. There was a report at the end which provided specific recommendations backed by facts and figures and a timetable for implementation. A copy of the report went to the prime minister. Two years later the department produced an implementation report.

The financial management initiative (FMI):

The FMI was introduced in 1982, after the scrutiny exercises exposed glaring weaknesses in the working of the civil service. Traditionally, good financial management meant sticking close to the detailed budget approval at the beginning of the year, since over-spending on particular budget heads had to be explained and under-spending could lead to budgetary reduction next year. Under the FMI the heads of government departments learnt clearly what their objectives were, what the performance indicators were, how performance could be measured. They had considerable freedom to operate within given total costs (that is, they could transfer

surplus on one head to deficit on another) and manpower limits, but they also had personal accountability for results. FMI was pushed by the Treasury. Greater delegation of authority and concretisation of performance indicators was reinforced by the deployment of computer-based management information system and a more accurate determination of the cost effectiveness of various government activities. Personnel assessment became more focused on the contribution the individual made to the achievement of concrete organizational goals. It also highlighted the need for greater autonomy to the manager over deployment of resources, especially human resources (level and quality of staff, authority to redeploy, hire and fire, incentives, etc.).

The next steps: executive agencies:

Based on a study of the progress of changes in the civil service, the government began setting up executive agencies around 1988. The basic idea was that agencies should be carved out of government departments to carry out specific executive functions within a framework of policy and resources provided by the relevant minister. Each agency was headed by a chief executive with considerable operating freedom subject, however, to the policy and resources framework. A small Next Steps team consisting of civil servants was created to identify candidates for agency status. Before forming an agency, however, some tough questions were addressed: need the function be carried on at all; if yes, could it be privatised or contracted out; if no, would the agency be the best structure for it. Once the decision was taken to form an agency, its mandate, objectives, etc., were clarified in a "framework document," which also spelt out the policy framework, the annual budget, and the annual targets approved by the relevant minister. Thereafter the chief executive was personally responsible for the targeted performances. The agency's annual report provided information on its activities and achievements against targets. Ministerial responsibility to parliament was restricted to policy, not operations, and parliamentary questions on operations were answered by the chief executive, not the minister. The agencies had to make their accounts as per commercial practice on an accruals basis.

The chief executives were normally appointed after an open competition. By mid-1990 nearly two-thirds were selected after an open competition and over half of these were from outside the civil service.

By 1994 some 350000 civil servants, 60% of the British civil service, were working in executive agencies. These agencies undertook functions related to a great variety of services such as customs and excise, employment service and benefits, vehicle and driver licensing, issue of passports, child support, prison management, and weather forecasting. Eventually, about 80% of the civil servants are likely to be employed in agencies. In size these agencies ranged widely—from around 30 persons to a staff of some 65000. A growing number of these agencies operated as trading funds, and had considerable freedom to manage their own funds. These were not subject to advance parliamentary approval for their income and expenditure, but were expected not to have deficits. As a consequence, agencies were now much more sharply aware of unit costs and were more inclined to find ways of cutting them.

Earlier, annual pay increases in the government were not linked to performance. The agencies and departments of government now got increased autonomy to hire and fire. Since 1991, departments and agencies were responsible for recruiting over 95% of their staff. As of the mid-nineties the government required all new pay agreements to have performance linked pay as their basis. Agencies and departments had the freedom to negotiate with unions the extent of performance-related pay component. As a consequence of these and other changes in the Next Steps programme, the UK civil service declined by 5% between 1985 and 1991 and is expected to decline to a size below 500000 from the pre-reforms strength of about 600000. Running costs as a share of public spending was expected to decline from 9% in 1992 to 8% in 1995.

Citizen's charter and quality management:

To restore a better balance between operative efficiency and customer service, the Citizen's Charter was launched in 1991. Its basic aim was to raise the standards of public service, that is, improve the quality of services provided by the government to the citizens. The four main thrusts were higher quality of public services; choice to the

citizen, to the extent possible, as to the provider of a service; publicly announced standards related to the offered service and grievance redressal if the standards are not met; and value for money for the taxpayer. To make sensible "make or buy" decisions, government bodies invited bids for \$ 1500 million worth of their services by December 1993. In the central government, all the departments and agencies were initially instructed to set targets for activities to be put to this sort of market test, although later this was made voluntary. As of 1994, there were 38 published charters, covering patients' charter, parents' charter, rail passengers' charter, courts' charter, benefit agency customers' charter, job seekers' charter, tax payers' charter, child support agency's charter, etc. In other words, for the first time the public had published standards of public services, information on how well these standards were adhered to, information on complaints procedures and redressal, etc. Through such public knowledge there was both greater transparency and greater pressure on a government agency to perform. A telephone helpline called "Charterline" was established for giving people information on charters on phone. The Charter Mark award was instituted for excellence in delivering public service and some 36 awards were given in 1992 to a variety of organisations including schools, hospitals, agencies, police services, etc. Agencies and departments were encouraged to establish quality systems for their services on the basis of research on customers' perceptions of the service and their satisfaction with it, development of measures and realistic standards of quality, measurement of the effective delivery of the service, assessment of quality performance for setting new, possibly higher standards, and continuing monitoring of customer satisfaction.

Senior civil service:

A senior civil service of around 3500 senior civil servants was proposed in 1994 to ensure the availability of a cadre of professional senior managers to support ministers in policy formulation and implementation. There would be lateral entry as well as career progression. Members would have contractual employment.

Deregulation:

Efforts at deregulation began in 1985 but picked up steam after 1992 when a Deregulation Initiative was launched. The emphasis was on less regulation, better new regulation (if required) and better enforcement of regulations. Several deregulation task forces of businessmen were appointed in 1993. They made 600 proposals for deregulation of which 60% were accepted. An innovation was that for every new legislation the cost to business of complying with it was required to be assessed. Some 20 partnerships of business and local authorities were formed to guide business on how regulations applied to them. All government departments were asked to review all their regulations to identify those that could be simplified or abolished. Nearly 900 regulations were so identified. Deregulation ministers were appointed in various departments, and a deregulation unit for implementing the deregulation initiative was formed in each department.

Management information system:

A strong MIS is a sine qua non for successful decentralisation. It gets the required operating information to the levels where decisions are taken and alerts higher management to emerging problem areas that may require its intervention. In Britain, government departments and agencies established an MIS with four components, namely personnel records, finance, physical facilities and resources, and purchases. An example was the MIS in the Department of Trade and Industry, which consisted of the sub-systems called FINMIS (financial management information system), PEMIS (personnel management information system), PREMIS (physical resources management information system), and SAMIS (selective assistance management information system). FINMIS maintained detailed cost and income records, made forecasts, estimates, and budgets, received data from other bodies and systems, and provided 150 senior managers of the department and the managers of its various cost centers with comprehensive financial information on a regular basis as well as as per need. PERMIS kept a central register of staff, their academic qualifications, skills, job history, staff reports, age, grade, seniority, training, etc. and compiled forecasts and manpower statistics. It was used by about 400 persons. PREMIS maintained details of

facilities, telephone numbers, premises, etc. and provided management information that could optimise utilisation of physical resources. It had about 330 users. SAMIS collected, aggregated, and analysed all the information needed to enable the department to assist and sponsor industry. It recorded information on various industry assistance schemes, manufacturing units in the UK, etc. and was used by about 200 persons within the department. Such information systems in the UK were buttressed by over \$ 3000 million spent annually on them and on information technology. Some 20000 were employed to instal and operate various information and telecommunications systems.

Reinventing the bureaucracy in the UK meant that the government was substantially fragmented into semi-autonomous units with clear mandates and clear accountability. It was not clear to what extent the traditional values of the British civil service, such as probity, willingness to give honest advice to the political or bureaucratic masters, equity and fairness, impartiality, concern for the law and legislative procedures, the willingness to implement even a mistaken course of action if so ordered, concern for evidence, etc., had been compromised. Nor was it clear to what extent the drive for efficiency, accountability for measured performance, and a good financial showing had marginalised social justice and the concern for the disadvantaged. Nonetheless, the British experiments in reengineering bureaucracy were adapted in several other countries, notably in Canada and New Zealand, and to a lesser extent, in Singapore and Malaysia.

Reorienting the State in Australia

Unlike the UK, Australia is a vast country with a relatively small population. It is a federal government while the UK is a unitary state. A number of changes were made in the federal government beginning in the early eighties to align better its polity with its market economy, design a state that could enhance Australia's economic competitiveness, and incorporate some of the better features of effective corporate management¹⁹. Interestingly, these changes were made by a Labour government.

1. In the Westminster model of parliamentary democracy adopted by Australia, the cabinet met weekly to take collective policy decisions. The cabinet was assisted by a few cabinet standing committees that dealt with the economy, structural reform and social policies. The cabinet and its standing committees were assisted by a bureaucratic apparatus that made a variety of perspectives and considerations available to the political masters. In 1987 many departments of the government that were closely interdependent, such as foreign affairs and trade, were amalgamated, and thereafter each department was represented in the cabinet by a minister. This reportedly improved coordination as well as decision making at the cabinet level, and also cut down substantially the business discussed in cabinet meetings.
2. To get better value for the taxpayer's dollar, and to ensure that the public sector was responsive to the priorities of the political masters and accountable to it, a number of changes were initiated in the public sector.
 - a. Public service officials were turned into managers. A meritocratic Senior Executive Service was created as a cadre whose members could be assigned responsibilities for managing programmes and for giving policy advice.
 - b. Public sector managers were given the authority to create and abolish positions, appoint, transfer, and promote staff, etc. in their areas of jurisdiction. Only overall personnel policies and standards were set by the once all powerful central agencies.
 - c. Over 100 separate office-based grades and classifications were merged into one administrative service structure.
 - d. All departments and their staff units were asked to make plans.
 - e. Performance-based pay was introduced at senior levels and performance appraisal was improved.

- f. Management information system was improved.
 - g. Each department began making 3 years advance estimates of its expenditures and its annual budget was based on these. This way departments had a better idea of what resources were available to them for 3 years at a time.
 - h. Various heads of expenditure were consolidated to simplify budgeting.
 - i. Public managers could carry over financial surpluses from one year to the next, and borrow one year against the budget for the next year. This gave them much greater financial flexibility.
 - j. An annual automatic percentage reduction in every agency's running costs was mandated to force it to be efficient. This "efficiency dividend" amounted to about A \$ 80 m. in a year. More than the quantum of the saving, this automatic percentage reduction institutionalized a mindset of looking for efficiency, productivity, and cost saving.
 - k. Each programme was required to be evaluated at three to five year intervals by the agency in charge of it, and the results of the evaluation were provided to the Department of Finance. This institutionalized periodic reflection and learning from such reflection, often in short supply in systems overloaded with routines, standardization, and meeting deadlines.
3. To improve fiscal discipline the government not only published estimates of future spending under new policies, but also estimates of savings from modifying or discontinuing existing policies. Projected figures became the basis for actual budgets. Ministries proposing policy changes involving additional spending had to propose ways of offsetting the additional spending, so that total government spending remained within the limits decided by the cabinet. As a consequence, Australia's fiscal deficit, which was 4% of GDP in 1983, turned into a surplus by 1990²⁰.

4. The user-pay principle was introduced and encouraged under which agencies had to pay for availing the services of other government agencies. For example, earlier the Attorney General's Department provided free legal advice to, and legal representation for, other government departments. Now, except for advice on constitutionality, these services had to be paid for, and the departments had the choice of getting legal services from other sources. Thus, such "staff" departments now had to compete for survival, and had, therefore, to become more "customer" friendly.

Transformation of Government in New Zealand

In the late eighties and early nineties New Zealand radically changed its government²¹. The change was towards corporatization, and interestingly, it was accomplished by a Labour government. With government expenditures being 40% of GNP, there was considerable incentive for politicians to clamour for efficiency in government.

In the mid-eighties the state was characterised by several large departments with overlapping, often competing functions. There was centralised control of the bureaucracy through the Treasury (broadly equivalent to the finance ministry) and the State Services Commission, which had control over employment in government, human resource management, etc. The accounting system was cash-based rather than accruals based. Several QANGOs (quasi-autonomous national government organizations) were funded by the government, and a few commercially operating government corporations operated with limited autonomy.

Major changes were accomplished in the late eighties and early nineties:

1. Several large departments, notably those relating to energy, works and development, forestry, post office, and education, were abolished. Most of their functions were entrusted to state - owned enterprises operating commercially under the control of their boards. Later some of these SOEs were privatised. There were large scale redundancies consequent on the formation of these SOEs and by 1989 about 25000 had lost their jobs. However, redundancy compensation

was generous, and averaged about NZ \$ 30000 per worker. Several workers were rehired on a contract basis.

2. A number of financial and accounting practices of the private sector were brought into public service. For example, government departments became vendors to ministers, who placed orders with their departments specifying standards of quantity, quality, timeliness and cost. Ministers had the right of refusing to "buy" from the departments under their charge. Accrual accounting replaced cash accounting. Capital costs (notional interest cost) were included in costs.
3. In contrast to the dominance of large government departments in the early eighties, in the nineties the New Zealand public service was characterised by relatively small departments with sharply defined policy advice, regulatory, funding and service delivery functions. These constituted the core of the public service that could not be corporatised.
4. The public service was downsized by some 50000 persons, half of the civil service in the mid-eighties. Some of these, however, were absorbed in government corporations or re-hired on contract basis.
5. In the 10 years 1984 - 1993, the New Zealand government was substantially deregulated. Controls over prices, wages, and interest rates were removed. Subsidies and price supports in agriculture were removed. Similarly, controls over the movement of capital and restrictions on competition in banking, energy, transportation, and telecommunications sectors were removed. Employer - employee bargaining was freed up. Under new legislation, the employee now had a choice of belonging or not belonging to a union. The previous rights of automatic representation by a recognised union were abolished and employees could now decide who would represent them in wage negotiations.
6. There were over 800 local boards in a small country like New Zealand with a population of around 3 million, and the structure of local government had become irrational. These were reduced to about 250 by 1994, and there was a clear

separation of functions between regional, territorial, and local community bodies. Local authority trading enterprises were encouraged as part of an effort to corporatise trading activities. Chief executives could be given contract appointments upto 5 years. Local authorities were required to manage regulatory functions separately from commercial and other functions.

7. The policy advice to the government function was retained within the civil service but the service delivery function was largely moved out to a new breed of organizations called "crown entities." The latter were legally distinct agencies owned by the state and/or provided goods/services to or on behalf of the state.
8. The State Services Commission and the Treasury no longer were called "control agencies." Instead they were called "central agencies" to emphasise their coordination and performance monitoring function.
9. "Crown entities" were established for a variety of purposes. Some, such as the Law Commission, "sold" policy advice to the government. Some, such as the Crown Health Authorities, were set up to promote competition in health service delivery. The structure of these crown entities varied. Most crown entities furnished to the parliament statements of intent as well as annual reports, which specified objectives, performance against targets, etc. The performance of these entities was monitored by central agencies (State Services Commission, Treasury, the Prime Minister's Department), the Crown Company Monitoring and Advisory Unit, and some departments.
10. The State Services Commission ceased to be the employer of all public servants. Instead it employed only the chief executives of public service agencies. These latter were appointed on fixed term contracts and were individually accountable to the relevant ministers. They became the employers of the staff of the agencies they headed. In 1990-91, there was renewed emphasis that chief executives must take into account the collective interests of the government rather than just the more narrowly defined objectives of their agencies. In 1991-92, performance agreements between chief executives and ministers became mandatory. Under

these agreements, the chief executives agreed to "sell" the outputs of their agencies at agreed upon cost, quality, timeliness, etc. parameters to the concerned ministers. CEOs were evaluated at year end on their performance vis-a-vis these agreed upon targets.

11. There was a major restructuring of the education sector. Local education boards that supervised schools were abolished. Their functions were transferred to elected boards to make them more responsive to local communities. The Department of Education was abolished and its functions were taken over by service agencies.
12. In the health sector, local (partly elected) health authorities funded by the government were replaced by regional authorities appointed by the government, and by government - owned, commercially operating health enterprises.
13. Profound changes were brought about in government processes. There was reportedly far greater transparency, much stronger commercial orientation, far greater operating autonomy to managers in the areas of acquisition of equipment, vehicles, accommodation, consumables, etc., much better accounting practices, etc.
14. In 1991, the Public Service Task Force on Productivity was set up to prepare a handbook on productivity titled, "*Doing It Better, Doing It Right.*" On the task force were representatives of government departments, the State Services Commission, and the public service union. Its recommendations were aimed at benefiting all the stakeholders in the public services through better productivity and quality. The task force did a number of case studies, relating to such topics as goal identification, multi-skilling, quality of policy advice, quality of service, technological change, and quality of written material. Comparisons were made with private sector organizations and practices. The task force emphasised cooperation between management and employees, the continuing and comprehensive effort needed to improve productivity, the need for the participation of the entire

organization, the need for persistence and commitment, effective conflict resolution, etc.

15. Total Quality Management was tried out in the nineties in a number of departments delivering services.
16. There were also significant changes in the tax system. The tax scale was simplified and value added tax was introduced.

In 1993, New Zealand moved up from an overall rank of 15 to 8 on economic competitiveness among the OECD countries. It was ranked first in the quality of government, and ranked second in the world in business community optimism. These improvements may be direct or indirect consequences of the way New Zealand re-engineered its government after 1984.

New Zealand and Australia, neighbours, both with a common British legacy, re-engineered their states somewhat differently. Both attempted to make the state more businesslike, with greater autonomy to government units and more corporate style management. But Australia reduced its ministries by amalgamating interdependent departments while New Zealand abolished several. Also, compared to Australia, there was far greater emphasis on downsizing in New Zealand, and greater recourse to corporatization of governmental activities.

Malaysia's Reorganization of Government

Malaysia offers a fascinating example of a Third World country attempting to re-engineer its governance to make it more businesslike without abandoning its developmental focus²².

Infrastructure for reform:

Attempts at administrative reform began in Malaysia soon after its independence from British rule in the sixties²³. One early attempt was to change the public service orientation from routine maintenance to making the public service socio-economic development oriented. Under the new economic policy which was pro-business, Malaysia embarked on the creation of new public agencies to support the private sector, training of employees, and the setting up of new institutions like the National Productivity Centre, and the Malaysian Administration and Modernization Unit. The attempts at administrative improvements were coordinated by the Panel of Administrative Improvements to the Civil Service headed by the prime minister, and this panel functioned as an overseer and a think tank. A number of programmes were chalked out, such as the quality and productivity management and improvement programme, consisting of production of manuals, production of video tapes on quality and productivity management, quality awards, quality circles, etc.; computerization and telecom usage programmes; human resource development and organization development in government involving administrative decentralization, organizational restructuring, job enrichment, code of ethics, and a big training effort. Counter services were dramatically improved, and a learning culture was institutionalized.

Civil service reorganization:

In the nineties the civil service was reorganized²⁴. Under the New Remuneration Scheme which came into effect in 1992, 574 service schemes were reorganized into 19 service classifications, each with three service groups: top management, management and professional, and support group. Each service group had a distinct number of salary grades (7 for top management, 3 for management and professional, and 13 for the support group), much fewer than in the past. This made the organizational structure flatter than before.

Performance-based pay:

The performance-based pay system was strengthened with the introduction of the matrix salary schedule, so that the pay increase of a civil servant was linked to his/her performance. Panels formed for each government agency reviewed job performance and decided on one of four salary movements for the job incumbent—no increment, normal (one increment), upto two increments, and upto three increments. Job performance was evaluated in relation to targets or goals set at the year's beginning. Performance was appraised half-yearly. Civil servants in the management and professional group were required to attend specific courses before being considered for promotion.

Single window clearance:

Given the enormous proliferation of laws, regulations, required permits, licenses, and approvals for starting and operating enterprises, in a developmental state, a single window clearance is a dream for businessmen in most countries. Malaysia's Centre for Advisory Services in the Industrial Development Authority was one such one-stop clearance centre. It was set up in 1988 with representatives from the finance ministry, customs and excise department, human resource ministry, department of environment, and factories and machinery department. An investor now did not have to go to various ministries and departments for advice or license. This centre decided on requests for manufacturing and related licenses, duty exemptions, deductions for R&D and training, employment of women for night shift, etc. Besides the main centre, eight other such centres were established in various states of Malaysia. These centres issued application forms and forwarded these to the relevant departments for approval. Since the inception of these centres in 1988, approvals for manufacturing and tax incentives virtually doubled by 1990; and approvals for duty exemptions increased by two-thirds. Also, processing time for applications was reduced.

Service orientation:

Malaysia has also tried out various other ways of reducing the hassles of people and businessmen, such as by creating composite application forms for simultaneously applying for the various licenses issued by an agency, issue of composite licenses (obtaining of various licenses issued by a particular agency simultaneously), extending the validity period of licenses from say one year to three years to reduce the number of needed applications, abolition of licenses/fees no longer needed in altered circumstances, delegation of powers of approval to lower level functionaries of license granting departments, computerisation, etc.

An interesting, relatively new development, was the Public Service Network, a facility offered by some government agencies to the public through the computer network facilities of post offices, to get driving licenses and business licenses renewed on line.

Malaysia has been active in utilising computerised information technology for administrative uses. The investment in computerisation has been rising rapidly in the nineties—in 1993 the rise was around 20% over 1992. One innovative use of IT has been in creating the Civil Service Link in 1994, a centre that made available at the touch of a button by a citizen information relating to various aspects of public administration, such as those relating to taxation rates, and securing of various business licenses. It also acted as a clearing house for requests for government information. CSL was planned to provide information on the objectives, functions, and structures of government organisations responsible for issuing licenses, permits, and approvals, services offered by them, their addresses, fax and telephone numbers, activities that required licenses, fees and mode of payment, relevant laws and regulations, application processing time, and publications of the organisation. Additional information of use to businessmen was also planned to be stored in CSL, such as related to tenders, economic indicators, trade statistics, customs duties, labour market and census data, corporate registrations, credit ratings of companies, etc. A CSL centre could be accessed by any one having the requisite terminal and software.

A survey in the early nineties of over 400 Malaysian government officials indicated that over 60% agreed that several changes in the functioning of the bureaucracy had taken place, such as improved accuracy in data processing, more programme and performance oriented budgeting, greater consciousness of financial accountability, more efficient and effective utilization of financial resources, greater emphasis on upgrading skills, greater efficiency in counter services, and better financial procedures. There was also strong agreement on the effectiveness of several specific changes, such as the use of punch card for attendance, one-stop payment centre, one-stop service centre, and management through meeting²⁵.

Delivering High Quality Public Service: The Singapore Way

In the nineties, tiny Singapore had nearly 60000 civil servants. Its civil service, until the sixties as corrupt and as bureaucratic as any in Asia, had become something of a model. Several long term policies and actions seem to have contributed to this eminence²⁶:

1. Autonomy for agencies:

Singapore had over 60 statutory boards. The policy framework of each was subject to parliamentary approval. But otherwise each enjoyed a great deal of autonomy²⁷. Each could decide whom to hire, promote, and fire. Each formulated and implemented operating policies within its parliamentary mandate. Each had to generate its own revenues to meet its expenditure.

2. Containment of corruption:

An earlier anti-corruption ordinance was modified in 1980 under which the Corrupt Practices Investigation Bureau, formed in 1952, was given additional powers. This bureau used its powers to investigate even ministers; at least one reportedly committed suicide when threatened with an investigation.

3. Competitive pay:

By world standards Singapore paid its public servants well, indeed. There was a long-standing policy since 1972 of reducing the gap between public and private sector remuneration. From time to time, pay scales were revised upwards as a consequence. In the mid-nineties the pay scales ranged from over US \$ 4000 a month for the lowest superscale to over US \$ 25000 a month for the highest grade (versus around US \$ 7200 a month for the top scale in the US federal service). Such high pay scales for those in the supervisory cadres reduced the temptations of corruption.

4. Selective recruitment:

Relatively high pay scales enabled Singapore to attract and retain high fliers in its civil service. The Singapore Public Service Commission tried to reinforce this by some interesting practices. It offered excellent undergraduate scholarships to high scoring matriculates to study in Singapore or prestigious universities abroad; after graduation, however, the scholars were under bond to serve in the Singapore Civil Service for a certain number of years. It also conducted career talks for graduating students at Singapore's universities and special briefings for honours students before final examinations.

5. Computerization:

Computerisation in the government began in 1962. A survey in 1979 revealed that the efficiency of the civil service could be greatly increased through computerisation and automation, and 105 informational and operational systems were identified for computerisation. The Civil Service Computerisation Programme was launched in 1981. This apparently yielded an over 250% return on the expenditure on computerisation, and reduced the need for some 5000 posts through streamlining and automation of repetitive manual tasks. With the help of some 10000 personal computers and terminals, over 600 computer professionals,

and other equipment, Singapore's civil service was fully computerised by 1990. The expenditure on computerisation at about US \$ 100 millions in 1990 was over 10 times higher than in 1985. In terms of public service, this effort meant shorter waiting times for customers and faster responses.

6. Service Improvement Unit (SIU):

This unit was set up in 1991 to monitor the standard of public services and catalyse their improvement by soliciting feedback from the users of these services. SIU was governed by a 6-member political supervisory committee headed by a minister and managed by a nine-member management committee consisting of senior civil servants. It had over 90 quality service managers. At SIU's prodding, the ministries and statutory boards reviewed needless rules and regulations. During 1991-92 some 200 rules were reviewed and about half were abolished. Regional centres of SIU were planned. SIU got all its quality service managers trained. It catalysed the training of some 11500 officers in skills for managing public counters at the Civil Service Institute, and of some 1700 officers in telephone skills under the Public Contact Improvement Programme. SIU played a catalytic role in using computerisation to promote cashless transactions and reduce paper work. SIU encouraged ministries and statutory boards to assess the quality of their services through service audits and exit interviews, and to set quality targets for achievement. SIU publicised the effort at improving public service such as through one-stop services and better facilities for the public. It encouraged various service providers to develop quantitative indicators of service quality such as waiting time of customers, time taken for approvals, and number of unanswered calls. SIU also analysed the nature of complaints, suggestions and requests received from the public by various public bodies. For instance, it found that the number of complaints declined by nearly 40% in 1992 compared to 1991, and the number of compliments rose by over 200%.

7. Quality circles:

In the eighties, the Government of Singapore adopted the idea of quality circles to launch nearly 8000 Work Improvement Teams (WITs). In each WIT, a work group and its supervisor, aided by a trained facilitator, met periodically, and brainstormed about the improvements the group could introduce in its operations. Several selected ideas were presented to management for possible implementation. Over two thousand facilitators and nearly 1700 WIT leaders were trained to make WIT successful, and over 10000 personnel in various government departments were exposed to the idea of WITs through presentations. By 1990, some 23000 projects were conceived and implemented through WITs. WITs helped improve management practices, work organization, procedures, efficiency, service quality, work environment, problem solving skills, etc²⁸.

Renewal of Public Service in Canada through Public Service 2000

In 1989 the Canadian federal government announced "Public Service 2000", a programme committed to better and more efficient public service for Canadians²⁹. Although initially a federal initiative, it had, by mid-nineties, also permeated the provincial and local governments. Public Service 2000 was very much an effort of the bureaucracy, although it had the backing of the politicians. For two years, task forces formed of very senior bureaucrats worked at various facets of excellent public service, and produced several reports. Some of these became the basis for modifications of the legislation governing public service. These in turn paved the way for major reforms.

Public Service 2000 set itself a daunting mandate: to ensure that high quality public service is provided, client satisfaction is increased, the public service becomes more transparent and consultative, government organizations value their members and their development, commitment and skills, and staff of the public services feels more empowered.

Several major initiatives resulted:

1. Improvement of service quality:

An inter-departmental quality network was established in which over 40 departments and agencies could meet and exchange experiences on quality related practices. A guide to quality management was published and a newsletter titled "Service to the Public," a bulletin on "Quality Exchange" and one on "Innovations" were published and distributed. Further, the National Quality Network was established for coordinating public service quality which had representatives of the federal government, the provincial governments, and the city governments.

Another initiative was the establishment of standards of service provided by each department and agency and making these available to the clients of these services. Moreover, departments and agencies were required to publish measured performance against their service standards. Standards related to quality, timeliness, accuracy, accessibility, etc. Each service standard consisted of the description of the service, principles and pledges related to service quality, delivery targets, service delivery costs, and complaint and redressal mechanism.

2. Greater training and development of personnel:

Training and Development Canada was set up as a special operating agency within Canada's Public Service Commission, with considerable operating autonomy. Training and development were provided for specialist skills and knowledge directly related to one's current or perspective job, generalist skills required to handle a variety of multi-functional jobs in different parts of a department and indeed in the public service as a whole. Training was provided to facilitate use of new technologies of telecommunications, information technology, networking, etc. and learning how to learn continuously. Training related to ethics, management of cultural diversity, and other people-related skills, service quality and other service-related skills and approaches. Language training for serving the

people of a multi-lingual society was also provided. At a service level the training was provided by Training and Development Canada; but departments and agencies also provided considerable training. A number of departments set up self-learning centres that used computer technology and there were also many instances of employees on their own organizing informative briefings.

3. Greater application of information technology:

A Chief Information Officer was appointed in the federal government to head the newly-formed Office of Information Management Systems and Technology. This office attempted to streamline operations, reduce duplication of records, provide some services directly to chiefs electronically. It also attempted to provide various decision support tools and systems to decision makers, to set up tele-computing infrastructure that could facilitate integrated government operations across the country, and to automate routine processes to cut costs and need for human intervention.

4. Reduction of constraints on departments:

This was attempted through greater departmental autonomy for human resource management, for financial management through operating budgets, and increased, year-end fiscal flexibility, that is, authority for carrying forward up to 5% of the operating budget of a department from one fiscal year to the next. A very important way of increasing operating autonomy was by setting up special operating agencies within a department along the lines of the UK's executive agencies. Each such agency was a service unit that was given considerable direct responsibility for results and increased management flexibility needed to achieve better results.

At a time when government bureaucracy is under attack in many parts of the world for its sloth, corruption, inefficiency, and power hunger, Public Service 2000 of Canada, the initiative of the bureaucracy to reform itself, serve the people better, and increase the pressure on it to perform, was indeed noteworthy. It demonstrated the potential of

the bureaucracy, in a congenial political environment, to be a self-correcting mechanism, and so escape many of the bureaucratic vicious cycles discussed at the beginning of the chapter. It demonstrated that bureaucracy was not just a necessary evil, but could become a positive force for the good of society.

Concluding Comments

This century has seen a huge escalation in the expectations of the people from the state, and thus stretched thin the capacity of the state to respond. All over the world the state has grown, its activities have become more diverse, and since the primary instrumentality of the state has been bureaucracy, the potential for various forms of bureaupathology has increased. Attempts at public administration reforms have often failed.

But failure in public administration reform is not inevitable. The successes raise hope that the modern state is governable, and that the state bureaucracy can be made much more efficient, responsive to the needs of the public, and the developmental vision of the country.

Reviewing a number of studies of good administrative practices in a number of Commonwealth countries, the Commonwealth Secretariat has identified several supporting conditions for sustained public service reform³⁰:

First of all, political commitment for change is critical. The importance of securing the commitment of "the highest level of political authority to an administrative reform programme, the commitment of ministers and senior officials, is identified consistently as a major influence on implementing successful public service reform³¹." The vast changes in Britain, Australia, New Zealand, Malaysia, and Singapore were driven by politicians, and in Canada, though the change was masterminded by the bureaucracy itself, it had the necessary support of the political bosses. Commitment to change involves, first "... a willingness to indicate a clear preference for the future; to say what an improved public service would look like and what it is in the past that must be left behind. Second, it also entails a willingness to take responsibility for, to own and to

accept praise and blame, for the process that will lead to that future. Finally, it requires a preparedness to describe and repeat, as often as possible, both that preference for the future and the process for getting there³². These amount, 'a la the UK under Margaret Thatcher, to vision, ownership, and repeated affirmation of the desired change by the political elite. It would be useful, in a democracy, to forge therefore a consensus on how government must change.

Second, reform has to be paced appropriately. It can be dramatic, as in New Zealand, or incremental, as in Malaysia. Where reform has been held up for a long time because of the defensiveness or rigidity of the system, and a political consensus for reform has finally emerged, administrative reform can be swift and radical. This process has been called punctuated equilibrium, meaning interludes of major change within long periods of stability³³. Where a culture of change has been institutionalized, reforms and innovations can be spaced out, based on continuous trial and error learning, so that changes are gradual and time tested, but over a period of time amount nearly to a revolution³⁴.

Third, a central monitoring unit for monitoring progress, and for spurring it whenever necessary is useful. INTAN has played this role in Malaysia. It should preferably be a permanent unit, such as a special ministry of public administration reform, or an administrative reform commission with a constitutional mandate, or a powerful unit in the office of the head of the government. It should be the full time responsibility of this unit to monitor reform, report progress to the nation, evolve remedial steps participatively, and monitor, possibly push, implementation of these steps.

Fourth, ownership of change across the public service is vital: "The management of change requires that public servants at all levels feel a sense of involvement in the process, and that they share the vision and want the change. Involving staff in change from the beginning makes it more probable that those who have to live with the changes feel some commitment to the new order³⁵. In Canada the top rungs of the bureaucracy set up a number of task forces of senior bureaucrats to evolve options for change. In Britain's scrutiny exercises, the Efficiency Unit worked closely with the head

and staff of the department that volunteered for a scrutiny, and participatively evolved the needed changes.

Fifth, mechanisms of pushing change have to be institutionalized and balanced with the bureaucracy's internal drive for change: "At their core, public service performance improvements are pushed by increasing expectations from consumers as much as they are pulled by increased management expectations"³⁶. For instance, year-on-year efficiency savings were required from departments in Australia, the so-called efficiency dividend, Singapore, and other countries. In Europe also several countries have worked in required minimum efficiency savings in departmental budgeting³⁷. Citizens' charters of the UK and clients' charters of Malaysia similarly institutionalized the internal pressure to respond to the customer. At the same time, various ways of monitoring customer satisfaction and need, through panels, customer surveys, etc. are institutionalized ways for pushing change from the outside. The inside and outside pressures for change have to be synchronized, for without this synchronization the government organization would be subject to contrary buffeting.

Sixth, perception of the performance of government departments and agencies must be institutionalized, with feedback systems for assessing performance and reward systems for reinforcing good performance. This means the development of concrete criteria for measuring performance and the development of a monitoring system that gathers performance related information and reports this performance to decision makers and supervisors of government departments and agencies. A system that recognizes and rewards good performance and one that recognizes and penalizes poor performance needs to be institutionalized. Performance management systems as under the UK's Financial Management Initiative and the Next Steps Initiative are examples. Some 1800 different performance indicators were developed for various agencies³⁸. A problem, however, that needs to be kept in mind is that in penalizing poor performance of an agency or department the public are not penalized. For example, if school funding is tied to the school's performance or the school's popularity, as in the UK, the children of poorly managed schools would be the prime sufferers. Emphasis on quantitative indicators of efficiency can lead, in government funded health care systems, to the neglect of needed but expensive treatments. A balance,

therefore, between the purpose of a funded activity and its efficiency, popularity, etc. must be maintained in institutionalizing monitoring and reward systems.

Seventh, institutional support outside the civil service needs to be built to buttress the reform: "An effective public service is not an isolated, autonomous body. It relies on an interconnected network of civic society organizations and interest groups, whose specific concerns are harnessed to support public service performance. Many managerial options proposed for inclusion within public service reform programmes rest on the capacity of external civic, professional and political institutions. Without such supporting institutional capacity, such managerial options are more illusory than real"³⁹. This implies strengthening, not weakening, of responsible professional bodies, industry and trade associations, trade unions, consumer and environmental protection groups, academic institutions, voluntary organizations, the media, etc. Although these are pressure groups that often are experienced as pains in the neck by bureaucrats, they are also the sources of various skills, ideas, competencies, and commitments required for sustaining public service reform.

Eighth, there must be a recognition that reform is a continuing, long term process: "Public service reform programmes must contain specific targets if they are to have focus. The targets must be specified and achievable. Equally, however, reform programmes must note that reforms will be continuous. There is no final point"⁴⁰. This implies a focused commitment to the immediate programme, but longer term flexibility and openness to innovations and changes in the reform agenda.

Ninth, several practical mechanisms may be useful⁴¹. These include mechanisms for policy development, such as policy units segregated from implementing agencies, and development of criteria for assessing the quality of policy advice, as in New Zealand, or strengthening of the office of the head of government and of offices of ministers with expert staff, recourse to external consultants, as in Malaysia, greater use of expert commissions or task forces to evolve policy options, and creation of standing committees of the cabinet as in Australia and India. A high level mechanism for policy coordination, such as Malaysia's National Development Council, can be useful. Greater decentralization, delegation, devolution of authority, and privatization, together

with a more effective performance monitoring system and/or regulatory framework, offers much potential for reform, as in the UK, Canada, New Zealand, etc. Developing a code of conduct for public servants can help in institutionalizing new values, as also setting up a code enforcing machinery. Public reporting of the performance of government agencies helps transparency and increases pressure for improved performance. Flexibility in staffing and recruiting practices, as in Singapore, ensure that government agencies and departments can have the personnel they need for their missions, and release, on humane terms, those they do not need. Especially important may be flexibility, as in the UK, Singapore, and Malaysia, to incorporate a performance-based component in remuneration in employment contracts. Investment in focused training and human resource development is obviously useful. Forcing government agencies to market test the services offered by them, as in the UK, helps in determining whether or not these services should be contracted out to reduce cost to the taxpayer. Similarly, forcing agencies to compete with the private sector in providing services to other government departments and agencies, as in Canada, New Zealand, and Australia, can make the former much more customer friendly. Performance framework agreements between government agencies or departments and the ministries they report to, as in the UK, specify the autonomy and the accountability of their heads clearly, and together with contract appointments of their chief executives, provide a powerful incentive to perform excellently. Tying the budgets of public programmes not only to specific inputs and outputs, but also to impacts, that is, externalities, as under Malaysia's Modified Budgeting System, is also a useful way of reorienting the perspective of bureaucrats from mere targetry to social effectiveness. Mandating accrual accounting and an interest charge for the use of capital in estimating expenditures is a powerful way of making bureaucrats aware of all the costs, not just the cash costs, so that appropriate prices can be fixed. And, of course, extensive use of computer and telecom based information technology, as in Singapore, Malaysia, the UK, Canada, etc., offers vast opportunities in improving the quality of monitoring, decision making, response to "customers," cut in data recording and processing costs, greater accuracy of information, etc.

Obviously there is no one master strategy of administrative reform that is best for all countries at all times. But a survey of what has worked well in many countries provides a useful list of components for crafting a reform agenda and strategy to the special needs of each country.

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