Transcending New Public Management – the Increasing Complexity of Balancing Control and Autonomy

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Abstract

This paper addresses two main research questions: 1) What characterizes the new complexity and layering of NPM and post-NPM reforms in public organizations? 2) How might we analyze the development of this complexity? What is the role of the political and administrative leadership in this development, and to what extent do other factors come into play? The first question is addressed by giving a brief overview of the change from NPM reforms to post-NPM reforms followed by empirical illustrations from two reform processes in Norway that increased complexity. The second question is answered in a more theoretical discussion related to a transformative approach and to experiences of balancing control and autonomy in NPM and post-NPM reforms. Negotative, cultural and environmental factors are discussed in terms of whether they limit or further potential hierarchical control in designing complexity and balancing political control and autonomy. The paper ends by some reflections on the effects of the new complexity.
Introduction.

Modern public organizations are complex and they seem to be becoming even more so. One reason for this is that modern democracies are institutionalizing administrative policies and are implementing different generations of modern public reforms at an increasing pace (Christensen and Lægreid 2007b). Reform efforts has resulted in a complex and multiple-layered system, where certain elements of structure and culture remain relatively stable, others become strengthened and institutionalized, and others still are reorganized, modified or deinstitutionalized (Røvik 1996).

The increased complexity of the structure and culture of public organizations may result from various types of processes. It may be seen as the result of instrumental organizational design, reflected in a consciously conceived structure and increasing internal and external complexity. It may, on the other hand, be seen as the result of a long-term culturally oriented evolutionary process, where, as Selznick (1957) sees it, ‘statemanship’, via ‘critical decisions’, creates a complex and distinct culture that interacts with structural development. In his analysis Kaufman (1976) concluded that some US federal organizations are fundamentally ‘immortal’. He regards this as the product of a kind of ‘higher institutional intelligence’ that enables an organization to survive and adapt over a long period of time. A less laudable reason for increased complexity would be that it is the result of less systematic rational or institutional processes. Structural and cultural complexity might, for instance, result from negotiation processes, reflecting heterogeneity in public organizations (March and Olsen 1983). Negotiation might be related either to winning coalitions, or to compromise or to sequential attention to goals and quasi-resolution of conflicts (Cyert and March 1963). Or else it might result from garbage can-like processes, where the different actors, problems, solutions and opportunities for choice are subject to a temporal order, and change processes are more difficult to predict and understand (March and Olsen 1976).

The results of increased structural and cultural complexity may in principle be diverse (Christensen and Lægreid 2007b). On the one hand, complexity may indicate instrumentality and rationality. As societal and political-administrative problems and demands become more complex, structure and culture must also become more complex in order to be effective and efficient. Complexity might also mean flexibility, because structural and cultural diversity enable a public organization to relate to different parts of its own organization and the environment in a variety of ways. But complexity may also mean organized chaos, where
public leaders have problems coping with the demands and problems of using the structure and culture in systematic ways.

This paper will discuss the processes, challenges and effects of complexity by focusing on a classical distinction between political and administrative control on the one hand, and institutional autonomy on the other, and relate this to the NPM and post-NPM reforms. NPM as a reform wave represents the autonomy argument, stressing structural devolution and increased distance to executive politicians, while post-NPM reforms have revived the control and coordination aspects (Christensen, Lie and Lægreid 2007). The NPM reforms combined vertical specialization or structural devolution with extensive use of the principle of ‘single-purpose organizations’ or horizontal specialization, creating a fragmented system which, it was argued, catered to ‘role purity’ (Gregory 2001). Post-NPM reforms, on the other hand, which started in the late 1990s in the countries that had been NPM trail-blazers, entail combined vertical and horizontal measures. They have introduced a combination of vertical integration, either through reorganizing existing agencies, or via stronger control measures and increasing the capacity available to the political executive, with far more horizontal collaboration in the form of networks, teams, projects, etc. (Gregory 2003, Halligan 2006).

In this paper we address two main research questions: 1) What characterizes the new complexity and layering of NPM and post-NPM reforms in public organizations? 2) How might we analyze the development of this complexity? What is the role of the political and administrative leadership in this development, and to what extent do other factors come into play? The first question is addressed by giving a brief overview of the change from NPM reforms to post-NPM reforms followed by empirical illustrations form two reform processes in Norway that increased complexity. The second question will be answered in a more theoretical discussion related to a transformative approach and to experiences of balancing control and autonomy in NPM and post-NPM reforms. We will end the paper by some reflections on the effects of the new complexity.

**NPM and post-NPM reforms: increasing complexity.**

When New Public Management was introduced in the early 1980s in Australia and New Zealand it was intended to be an alternative and a challenge to ‘old public administration’, which was held to represent a centralized, integrated model of extensive government (Boston et al. 1996). The main message from the NPM entrepreneurs was that governments and public
sectors around the world not only needed to be scaled back, but also fundamentally restructured along the principles espoused by the private sector (Self 2000, Wright 1994). The structural model proposed was one of increased specialization and fragmentation, both vertically and horizontally (Christensen and Lægreid 2001a). Vertically, it was strongly argued that structural devolution was the answer to central capacity problems, and would allow leaders to focus on more strategic questions, while leaving the choice of implementation instruments to officials at lower levels (Gregory 2001). The NPM-entrepreneurs argued that both control and autonomy would be improved by the reforms.

There were many new forms of structural devolution. One was to give traditional agencies more leeway, i.e. to move them further away from the political executive and/or to relax certain rules constraining their activities (Christensen, Lie and Lægreid 2007). Another was to establish more regulatory agencies with strong autonomy, based on professional values (Pollitt et al. 2004). Other measures included giving state-owned enterprises a large amount of autonomy, by erecting major barriers to any political involvement, paying much more attention to market values (Spicer et al. 1996), and privatizing public activities related to service and the market, often by reorganizing agencies or public enterprises. Taken together these NPM reform ideas amounted to a more fragmented public-sector model. It introduced more complexity, because elements from the ‘old public administration’ did not disappear, but were modified and combined with the NPM elements.

Even though it has often been argued that NPM was a pure and theoretically oriented reform with a homogeneous basis, many researchers and studies have pointed to the fact that in reality it constituted a complex and mixed bag of reform elements (Gregory 2003). Boston et al. (1996) showed that the underlying economic ideas of NPM reforms were both ambiguous and contradictory about how to organize the public sector. They point out that these theories contained both centralizing and devolutionary elements. Some of the centralizing ideas were related to theories on contracts, which were seen as necessary in order to leave central leaders with some control following structural devolution. And over the last two decades of NPM it has become increasingly clear that devolution and deregulation have come to be coupled with re-regulation and more scrutiny and control (Christensen and Lægreid 2006). It is also quite easy to show that NPM in reality represents a lot of variety and complexity between and inside countries and policy sectors (Christensen and Lægreid 2001a, Pollitt and Bouckaert 2004). The overall trend has been in the direction of increased autonomy. This has created problems of political control, as shown in comparative reform
studies, even though the main argument from supporters of NPM is that political control has not been weakened but is being exerted through other models and mechanisms.

When the first post-NPM measures emerged in Australia and New Zealand in the late 1990s, they could primarily be seen as a kind of reaction to the effects and implications of NPM-related reforms (Christensen and Lægreid 2007a, Gregory 2003, Halligan 2007). Two types of challenges seemed to be important. One was the undermining of control and central capacity that NPM brought. Now it was time for the executive politicians to take back some of that control and increase their own capacity to solve societal problems. The measures used were to vertically reintegrate some of the agencies and enterprises, either by dissolving some agencies and integrating their activities in the ministries, or by establishing more controls and constraints on agencies and state-owned enterprises. Another measure was to strengthen central political capacity by employing more political assistants at the ministries and PM’s offices, but also by strengthening overall administrative capacity close to the political executive.

The horizontal challenge was seen as even more important than the vertical, because a lot of specialized sectoral pillars or silos were seen as obstructing the solution of cross-sectoral problems (Pollitt 2003). The NPM reforms’ heavy promotion of the principle of ‘single-purpose organizations’ was therefore perceived as negative, because it led to a lot of horizontal specialization and fragmentation and turf-wars among competing public organizations. The political and administrative leadership in post-NPM countries like Australia and New Zealand came up with several new coordinative measures that were easier to implement than reversing structural devolution: More collaboration was introduced in the central government apparatus, among both political and administrative leaders and across sectors. Cross-sectoral programs, projects and networks were established, and there were even some structural mergers (Gregory 2003, Halligan 2006). The political and administrative leadership also tried to combine the two main sets of measures, resulting in more control of the different types of cross-sectoral collaboration and coordination.

One of the motives behind ‘whole-of-government’ efforts was also the problem of delivering increased efficiency. NPM entrepreneurs had promised better macro-economic results, but these failed to materialize. And the micro-economic effects on service delivery and increased efficiency were mixed, at least in more complex services (Boyne et al. 2003). There was also some concern about NPM producing more social inequality (Stephens 1996), and about balance between quality of services and efficiency. Concerns after 9/11 about
terrorist threats or other global problems, like tsunamis and pandemics, also entered the equation. It became much more difficult to argue for decentralized solutions and structural devolution. All this amounted to a huge post-NPM effort to increase vertical integration and control, combined with a lot of horizontal collaborative efforts.

Until the late 1970s, during ‘old public administration’, the system in many countries was simple and integrated both vertically and horizontally. Via vertical and horizontal specialization NPM made that system much more complex and fragmented. Nevertheless, the Weberian features of the old system were preserved and blended with NPM in a reform that while promoting autonomy only partly delivered on that point (Pollitt and Bouckart 2004). Nevertheless, NPM tipped the balance between control and autonomy in favor of autonomy features. When the post-NPM reforms were introduced, the balance tipped back somewhat towards more control, but it did not restore the balance that had existed under the ‘old public administration’ (Christensen and Lægreid 2007a). This was partly due to the fact that changing some of the structural devolution was both politically and administratively difficult, not to mention the technical challenges. Post-NPM plays out more along the horizontal dimension, with more structural and cultural integration, and has added to and modified the NPM reforms, making the system even more complex overall. So the development has been from simple integration (old public administration) through complex, fragmented and unbalanced complexity (NPM), to integrated and more balanced complexity concerning political control and autonomy.

Adding complexity by balancing control and autonomy – two reform cases

To take a closer look at the dynamics of transforming a civil service through modern reforms, we will describe and analyze briefly how control and autonomy were balanced in two Norwegian reforms, both of which led to more structural and cultural complexity. This involves studying how NPM-related reforms were partly transcended by post-NPM reform elements. We will first describe the main features of the background – motives and processes – related to the reforms, and then examine in more detail how the reforms are characterized by complexity, but a varied balance between autonomy and control, or between NPM and post-NPM elements.
The immigration administration reform.

In 2001 a major reform of the central immigration administration took place in Norway. All responsibility for this policy field was gathered under the Ministry of Local Government and Regional Affairs, moving the regulatory role away from the Ministry of Justice and Police. The Norwegian Directorate of Immigration (NDI), established in 1988, was given more formal autonomy, and a new body was established with a lot of formal autonomy – the Immigration Appeals Board (IAB). A broad coalition supported the reform; only the Progressive Party and the Conservative Party opposed it, claiming that it implied less political steering of a controversial political field. The main motives behind the reform were to ease the capacity problems and burdens of the central political and administrative executive by hiving-off immigration cases, and it also involved a blame-avoidance component (Christensen, Lægreid and Norman 2007). After the reorganization, the political executives could no longer interfere in ordinary individual cases. Steering was to be done from a distance, via central policy directives, thus furthering professional autonomy.

Rather ironically, when the new Conservative-Center government came to power in 2001 and was supposed to implement the reform, the minister in charge was the leader of the Conservative Party. It soon became clear that the minister was not satisfied with a situation where she carried responsibility for many immigration cases but had her hands relatively tied in handling them. She therefore launched another, smaller-scale reorganization process. The aim of the process was to exert more control over the immigration administration. The minister actually supported institutional autonomy and structural devolution in most other policy areas, but not concerning immigration, illustrating the salience of the issue.

The new measures – giving more general policy instructions from the ministry, having more formal routines for informing the ministry and having a new large board inside IAB for handling ‘positive’ decisions - went into effect in 2005 and were accompanied by other changes as well. The immigration division in the ministry was split into two, a regulatory and an integration part, and this change was also reflected in the NDI, which also split into two parts, one agency for regulation and one for integration and inclusion. In addition, the immigration units were moved to a new Ministry of Labour and Social Inclusion. During the current Red-Green government the control measures have been tightened still further: directives and reporting/informing have become more formalized, but without any major reorganization. One reason was a crisis that arose in connection with NDI’s handling of quite
a number of cases from without informing the ministry (Christensen, Lægreid and Norman 2007).

The 2001 reform was very much in NPM mode, while the later reorganizations were more post-NPM in character. In 2001 it was argued very clearly that the modern way of handling individual immigration cases was to hive them off from the ministry and engage in a kind of strategic steering. The argument that politicians should stay away from handling single cases had a distinctive NPM flavor. The ministers behind the reorganization in 2004-2005 and 2005-2007 were both motivated by post-NPM factors. The immigration ministers were both focused more on the control aspects. Given that they would eventually get the blame anyway, it was deemed better to try to regain political control over the cases. So instead of solving Brunsson’s (1989) dilemma of control and autonomy in an autonomy direction, like in 2001, they would like to meet the media heat with more control.

Overall, this case shows a marked NPM-oriented structural devolution reform, which is difficult to reverse. The reform as such was very complex and had some ambiguous elements. The later efforts at reorganization and reasserting control do not seem to have reversed the main features of the first reform, so the message here is definitely a balance in favor of autonomy. The main effect of constant reorganizations, which in their efforts to balance political-administrative control and institutional/professional autonomy make the structure more and more complex, is that the political executive struggles to control the implementation of laws and rules pertaining to immigration policy, even though it has increased its frame-steering.

**The hospital reform.**

In 2002 responsibility for Norwegian hospitals was transferred from the counties to the central government. The reform centralized the ownership function, and the Ministry of Health was given the main responsibility, aided in administrative and oversight functions by two subordinate agencies. The reform also implied a new management system, which was described as a decentralized enterprise model (Christensen, Lægreid and Stigen 2006). Five regional health enterprises with separate professional boards were established comprising 33 local health enterprises overseeing 250 health institutions of different types.

The official goals of the reform were to enhance coordination and utilize resources more efficiently through better control of the financial situation of the hospitals. The reform process was in many ways an entrepreneurial political effort by the responsible minister. He
managed to cater to a variety of interests that then gathered behind the new reform in a broad coalition.

The NPM elements in the hospital reform are rather evident. The main element is the commercial element introduced by the reform. The hospitals were removed from the ordinary public administration and transformed into enterprises which were supposed to have great managerial autonomy. This feature was combined with the introduction of the DRG-system, a complicated kind of ‘money-follows-the patient’ system, which via an incentive system for the treatment of patients transformed both administrative actors and doctors in hospitals into strategic actors (Christensen, Lægreid and Stigen 2006).

The post-NPM parts of the hospital reform are also rather evident. The most important one is that the central government, represented by the minister of health, took over the ownership function and established an ownership division in the ministry. This ownership function is, however, very much enacted through a performance management system (NPM-related), where central targets are set, resources provided and results reported from regional and local enterprises. Another aspect of this centralization is that the ministry has more legitimacy when it has to take drastic measures and is able to put aside the ordinary performance system, for example if there is major crisis going on in the hospitals (Christensen, Lægreid and Stigen 2006).

A small part of the hospital reform was reversed when the new Red-Green government came to power in 2005, because it brought politicians back onto the boards of hospitals. Even though the removal of politicians from the boards had originally been seen as important, because it symbolized keeping politicians at bay, reality showed that the board members in the so-called professional boards after the reform had a lot of political experience and other experience from the public sector (Hegrenes 2005).

Summing up, the hospital reform introduced a rather complex combination of centralization, decentralization and commercialization into its formal structure and displayed features of both NPM and post-NPM reforms (Lægreid, Opedal and Stigen 2005). Overall it tilted the steering of the hospitals more in the direction of centralization, but this was balanced out by the increased commercialized autonomy of the hospitals. In times of crisis there is a tendency for blame to be directed towards the political leadership. Culturally, the reform also implied more complexity, particularly through commercialization, adding more economic competence to the equation, both at the central level and particularly at the regional and local
levels. Overall the reform created more bureaucracy, more control and more reporting in the hospitals, thus stealing time the doctors otherwise spent attending to patients.

**The reforms compared.**

Comparing the two reforms concerning motives and conscious design by the political and administrative leadership shows a very varied picture. In one of the reforms, immigration, the formal aims are primarily connected to increased autonomy, while the hospital reform is connected to strengthened control. Attempts to modify the reforms were in a more post-NPM-oriented direction involving more control, particularly in the immigration case. What is interesting with this development is that Norway lagged behind concerning NPM, and embarked on it later then many other Western countries. But when reforms did start they rather soon became subject to the influence of post-NPM elements, so the most intensive NPM period was shorter than in many comparable Western countries.

| Table 1. Features of four reforms in the Norwegian central civil service. |
|--------------------------------|--------------------------------|----------------------------------|-------------------------------|--------------------------------|
| Background and motives                | NPM features                  | Post-NPM features                | Main focus of (re-)balancing   | Perceived and potential effects |
| Immigration                          | Fewer executive capacity problems through structural evolution Blame-avoidance | IAB and NDI typical strong structural devolution | More central directives concerning policy and information More formalization | Relatively more autonomy       | Political executives struggle to control policy practice, but still get the blame |
| Hospitals                            | Strengthen control in general and more control over spending       | Decentralization to commercial health enterprises DRG system | Centralization and increased ministerial control Politicians back at the boards | Relatively more central control | More central control and getting the blame for negative effects of local economic autonomy |

The reform process starts out with rather complex organizational solutions, which are often the result of tugs-of-war and compromises, and as they evolve they become even more complex. This is partly a reflection of the conditions of minority government, where controlling reform processes is difficult and there are problems with unambiguous organizational thinking, and also changes of direction once the effects of the reform have been felt. The immigration reform is a special case, since the original reform in 2001 had strong support from most parties, while the minister in charge led a party against it. When she
became dissatisfied with the way the immigration administration was working, she was not able to reorganize the administration in order to strengthen control as much as she would have liked. The hospital reform, on the other hand, shows a strong minister carrying out a complex reform built on anticipated reactions and a careful balance between different stakeholders.

Political saliency is often said to produce centralizing solutions, but the picture concerning these two reforms is very varied, even though they both represent potentially very important policy areas. In the case of immigration political executives tried, after experiencing increased external pressure and having to take a lot of blame in the 1990s, to introduce structural devolution. But the incoming minister soon realized that getting even more blame while losing influence was not a good combination, and tried to introduce more control measures, but this eventually became difficult. In the hospital reform case, central control, combined with increased commercialization was the solution opted for in a very salient policy area.

If we look at the NPM elements included, they are very strong in the immigration case, promoting structural devolution, while the hospital reforms also include commercial elements and performance management systems. Concerning the post-NPM reform elements, the hospital reform represents a major reorganization and a major effort to centralize ownership, while the immigration reform represents increased formalization of control inside an organizational form representing devolution.

**Explaining increasing complexity**

An important point of departure for understanding the complexity and layering of NPM and post-NPM reforms is that they are each rather complex. NPM is based on some main ideas, but is also a mixed bag of institutional economic theories and management theories that are partly inconsistent and do not always give much indication of how to actually organize public organizations (Boston et al. 1996). In addition, the actual implementation of NPM varies considerably from one country to another (Pollitt and Bouckaert 2004, Wright 1994). This variety and complexity are due partly to different national contexts, but also to leaders’ struggling to cope with rational calculation, i.e. they have cognitive problems in relating to the reform wave. Post-NPM is in many ways similar to NPM. It is a complex reform wave, with a lot of partly inconsistent reform measures, promising many things without having any very firm grounds for doing so. And like NPM it is a cognitive challenge for leaders. An additional problem is that post-NPM is a less systematic alternative to NPM than a partly modified set of
reforms, which makes the complexity and layering of different structural solutions and cultural elements even more demanding. We labeled NPM a kind of unbalanced complexity in the sense that it tries to rebalance the control and autonomy that characterized ‘old public administration’, while post-NPM adds a new layer of reform elements in a more balanced complexity where control is more important again.

**A transformative approach.**

According to a transformative approach, the decision-making of public actors in reform processes is constrained and influenced by three sets of factors or contexts (Christensen and Lægreid 2001b and 2007b, Christensen, Lie and Lægreid 2007). Structural and constitutional factors, related to an instrumental perspective, specify the structural and other formal constraints on leadership decisions. These constraints may on the one hand be very tight, potentially giving leaders strong hierarchical control, resulting in lack of leeway and flexibility for subordinates, and on the other hand loose, in the sense that they do not give leaders and other actors much direction but a lot of potential discretionary influence.

A cultural perspective specifies another set of constraints. According to this perspective public organizations develop core informal norms and values gradually in an evolutionary process of institutionalization, leading to the formation of a distinct institutional culture (Selznick 1957). While the culture developed by ‘infusing’ formal structures with informal norms and values may be very distinct and strong, exerting a major influence on decision-making behavior, it may also be rather vague or loose, or possibly inconsistent and containing a lot of sub-cultures, giving it less systemic influence overall.

A third set of factors relates to an environmental perspective. According to Meyer and Rowan (1977), the environment of public organizations may be divided into two parts, the technical and the institutional environment. The technical environment, related to technical aspects of an organization, is substantially about efficiency, production and exchange. The institutional environment may have a less instrumental character and be based more on tacit assumptions about what is an appropriate organizational structure, internal culture, recruitment policy, institutional demography, etc. (March 1994, March and Olsen 1989). Myths develop in the institutional environment and spread to individual organizations, groups of organizations, sectors, whole political-administrative systems, etc. (Brunsson 1989) Myths in the institutional environment may have a strong deterministic potential, i.e. it is difficult to
avoid them or not to include them. The TINA principle – There Is No Alternative – works strongly here.

These three sets of factors or contexts, which both constrain and facilitate leaders’ actions in reform processes, could be seen as analytically equal. We believe, however, that structural-hierarchical constraints will have the upper hand in explaining decision-making behavior. Many studies of national and comparative administration seem to indicate that leaders are not only formally designated to make the most important decisions in public organizations, but they do so in reality as well (Christensen and Lægreid 1998 and 2002, Egeberg 2003, Lægreid and Olsen 1978, Pollitt and Bouckaert 2004). In this paper the importance of hierarchical steering is taken for granted, and other factors, like negotiative, cultural and environmental factors, will be discussed in terms of whether they limit or further potential hierarchical control in designing complexity and balance political control and autonomy.

The hierarchical design of complexity.

The first question is to what extent and how political and administrative leaders may design complexity as a way of achieving a balance between control and autonomy. A simple answer is that this is seen as the most rational solution to the challenges confronting the public organizations (March and Olsen 1983). Both the internal conditions and the external constraints may be so demanding and complex that the executive leadership will want to diversify the structure to try to cater to both control and institutional autonomy at the same time. So there is a congruence between complex constraints and complex structure or reforms.

Second, complexity can signal flexibility on the part of leaders. They may not wish to act in certain ways, even though they pretend to do so (Brunsson 1989), or they may want to obscure their motives and actions, and a complex organizational structure gives them more leeway in these respects. Complexity could mean a more loosely coupled organization (March and Olsen 1976), ‘creating noise’ in decision-making processes (Cohen and March 1974), covering one’s tracks, or creating more opportunities and options. Motives of this kind may result in leaders using myths and symbols to balance control and autonomy, pretending to some audiences that the control side is important, while others will hear the message of autonomy. Or control might be emphasized in certain periods, while autonomy is focused on in others; or else certain parts of the organization may specialize in control, while others focus on autonomy (Brunsson 1989).
Third, lack of insight and scoring low on rational calculation might mean that complexity is a result of arbitrary or temporal processes. Leaders may wish to develop the public organization in a systematic way in a certain direction, but do not succeed in this endeavor because they lack the ability to see the connection between means and ends. This limited cognitive capacity could result in complexity, where there is a lot of reorganization or patch-work reform. Or the organization might work according to a ‘fire-alarm model’ (Gormley 1989), resulting in a diverse organizational development.

Comparative studies of reform processes seem to indicate that all the elements mentioned are possible (Christensen and Lægreid 2001a, Pollitt and Bouckaert 2004). The hierarchical design of complexity through reforms might be influenced by lack of rationality and control, either because of knowledge limitations, negotiations, cultural factors like path-dependency, external crises or international reform trends, but the constraining factors may also separately or in combination enhance reform and structural design. Overall, more comprehensive reforms are the most difficult to design and control, while more narrow and partial ones are often more easily implemented (Wright 1994).

The NPM and post-NPM reforms seem to present different types of challenges to leaders trying to control the structural design of public organizations. NPM-related reforms seem to constitute a major challenge to the control of public leaders, because they have a very fragmented institutional structure that potentially undermines their authority and power, while post-NPM reforms challenge both the control side by creating capacity problems and rational calculation by trying to figure out how to combine and integrate complex structures.

The process of developing complexity through modern reforms may take different paths in different countries, dependent on political-administrative structures and traditions, not to mention environmental and temporal contexts. Typical of the trail-blazing countries like Australia, New Zealand and the UK is that they are all Westminster-type systems, which means it is quite easy to get reforms decided on and pushed through parliament (Hood 1996). Hence the preconditions for hierarchical design seem to be fulfilled, at least on the control side. And this is indeed what happened in those countries, i.e. the top political leaders decided to go for the reforms, both NPM and post-NPM, and the reforms were decided on and implemented rather quickly. As indicated, executive leaders in those countries had general problems with rational calculation, partly because of the comprehensiveness of the reforms, partly because the underlying basis in economic theory was not solid enough (Boston et al. 1996). It was not easy for the leaders to argue why and how reforms should be implemented
and what the consequences would be, and they did not spend much time on the analytical part of the reforms. Some would indeed argue that the most important thing is to act when a ‘window of opportunity’ is open and majority support for a reform is secured, like with the 1984 NPM-reforms in New Zealand, which were furthered by the incoming minister of finance (Aberbach and Christensen 2001).

What about the hierarchical design of complexity in the two Norwegian cases described? The immigration and hospital reforms in Norway show quite clearly that the main actors – the political and administrative leadership – had problems coping with the complexity and with the balance between control and autonomy. In the immigration case, the reform entrepreneurs focused too much on the advantages of autonomy for creating more capacity and avoiding blame, and the problems with control came as a surprise. The incoming minister, saw problems with exerting control, and introduced some control measures without having any clear idea of what the consequences might be. Later on new layers of control were added, but still fell short by comparison with the basic autonomy elements in the model. All this created a lot of conflicts and involved the use of symbols, but in reality it did not solve many of the problems. In the hospital reform the minister produced a tactically clever final solution, but did not give many arguments for this model. In this respect he also struggled with cognitive problems. It was one thing to get the reform decided, but quite another to make it work in practice. The hospital steering model contains a lot of ambiguity concerning how much central ownership control there should be, what means should be used to exert it and over what issues – and with how much leeway for regional and local influence, based on commercial/economic values, and for the influence of professional groups in the hospitals.

The immigration case shows an unusually large majority behind the devolution reform in 2001, particularly in a system with mostly minority governments for two to three decades. Again, like the general comparatively feature, the executives scored rather low on rational calculation. The lack of cognitive quality became evident after it was argued initially in 2001 that a modern professional administration needed a lot of structural devolution and autonomy, while in 2004 the same structure was characterized as deviant and special, and as a reason for proposing more control. What is more, the control measures added were always partial, without any deeper analysis of their possible effects. The hospital reform process had similar features. The minister as the reform entrepreneur managed to win broad coalition support for the reform, but he never engaged in a corresponding analytical process giving the reform a
solid cognitive basis. The new model had never been tried before in Norway, and it was definitely not easy to predict how it would work.

**Negotiations furthering complexity and influencing hierarchical design?**

If we leave aside the cognitive aspects of creating complexity and further explore the control aspects, heterogeneity may be an explanatory factor. Heterogeneity inside government, diverse institutionally based interests and a tug-of-war between different leaders may create the background for organizational complexity (March and Olsen 1983). Added to this is the heterogeneity in the environment of public organizations. According to Cyert and March (1963) there may be at least three different ways to decide and formulate solutions under such circumstances. After sounding-out processes and negotiations, there will be a compromise, and complexity may thus reflect a balance between central control and institutional autonomy. This may further hierarchical control, but also imply solutions that are not entirely planned or indeed desired. In other words, leaders have to balance control and preferred solutions on the one hand, and participation and legitimacy on the other. Or there might be a winning coalition that, for example, attends to control and autonomy at the same time, which will often further hierarchical control. Or there might be a ‘sequential attention to goals and the quasi-solution of conflicts’, meaning, for example, that control might be emphasized at one point in time, to cater to some actors, while autonomy might be focused on at other times, to cater to other constituencies, without any overall thought for consistency (Cyert and March 1963). This solution may enhance or obstruct hierarchical control, but probably more the former.

Complexity is not only created by institutional or participant heterogeneity as such, but also by different interests and perspectives, depending on the institutional position and outlook the different participants have. So structural complexity may reflect the wide range of different interests playing into a reform process. Central political and executive leaders could be the main proponents of control measures, while agency and state-owned enterprise leaders, not to mention public leaders on the regional and local levels, may work hard to further autonomy measures.

When the NPM reforms began, they were backed in many countries by a winning coalition of different actors. (Gregory 2001). When the post-NPM reforms started to emerge, this coalition was partly dismantled, and the reforms were primarily based on skepticism among political leaders (Christensen, Lie and Lægreid 2007). Some top administrative leaders also became increasingly skeptical about capacity and coordination problems, while those
actors from the public and private sector most benefitting from the NPM reforms tried to obstruct the post-NPM reform efforts.

Negotiations are definitely an important part of furthering complexity in modern reforms. Even in Westminster-system countries like Australia and New Zealand, coalitions have to be built, both inside the ruling parties and with societal actors. This characteristic is even more typical in non-Westminster parliamentary systems or in presidential systems (Wright 1994). Overall, negotiations make reforms and their underlying systems more complex, because of the necessity of attending to different interests that have their attention focused on different parts of the reforms, and compromises often take care of this range of interests. Even though NPM has clearly moved public organizations all over the world in the direction of more autonomy, NPM reforms have contain heterogeneous elements, which means they lend themselves well to compromises. Some actors have primarily been interested in structural devolution, market-related elements and competition, while others have focused more on the control and contractual aspects of the reforms. One might say that when the post-NPM reforms started, the winning coalition and compromises behind NPM in many countries were renegotiated. Actors who had been skeptical when NPM started gained influence; formerly reluctant supporters of NPM, for example political leaders, swung back after seeing the consequences of the reforms and became part of a new winning coalition favoring post-NPM elements.

The organizational models in both the Norwegian cases analyzed reflect quite clearly this tendency toward negotiation and compromise. In the immigration case, the winning compromise related to the autonomy model has basically been preserved, even though the minister in charge after the main reorganization, who was not part of the winning coalition, tried unsuccessfully to modify it, interestingly with a lot of support from other parties. Later on, a new minister, originally from the winning coalition, also tried to modify the model in the direction of more control. So the compromise behind the autonomy model in 2001 stands, but a number of actors have become increasingly skeptical towards it and tried to undermine it. In the hospital reform case, all the interests that had to be taken on board resulted in a very complex compromise model, which was difficult to get to function and was also modified over time, without changing the basic feature of central governmental control.
Cultural complexity or simplification?

In principle, the development of common cultures in public organizations should decrease complexity, both in a cultural sense and potentially structurally as well, particularly if culture is the ‘institutional glue’ or if culture means a lot for organizational development (see Selznick 1957). So how might complexity be related to cultural development? One answer might be that the cultural path and appropriateness developed are complex, embracing a variety of informal norms and values, probably more complex, the older the public institution. In his analysis of the ‘immortality’ of many federal organizations, Kaufman (1976) points to the argument that many older public organizations have complex layers of cultural norms and values, which have been added to over time, and that these features are central in explaining why these organizations have become so old – they have developed a kind of ‘institutional smartness’. This smartness is not only related to overall common cultural norms and values but also to competing types of appropriateness existing side by side in the public sector (Boin and Christensen 2008).

One example from Norwegian administrative history could be used to illustrate this point. Ever since 1814 the relationship between ministries and agencies has been subject to periods of ebb and flow (Christensen 2003). Whereas the ministries started out with a lot of control, when the first agencies were established in 1840-50 this gave more weight to the values of autonomy. In the period between the two world wars, the executive leadership tried to regain control of the agencies through an agency model that was somewhere between the integrated solution and the independent agency model. After WWII there was another wave of agency independence, while the 1970s brought more control, followed by more autonomy introduced by NPM measures during 1990s, again followed by some control efforts from 2005 onwards. This example shows the swings between control and autonomy, but also the emergence of an increasingly complex relationship that combines a tradition characterized by a dominant autonomous model with a wide variety of solutions for the professional administration.

The cultural complexity of public organizations becomes rather evident when modern reforms are introduced. NPM reforms in many ways represented a challenge to the traditional culture in the public sector. Although the introduction of competition, performance systems and service-orientation under NPM culturally challenges ‘old public organizations’, the old rule-steering is still preserved, producing a kind of mixed administrative culture in many countries. When post-NPM reforms came along they tried to revive some of the cultural
norms and values of the ‘old public administration’ related to control and coordination, without completing replacing the new NPM culture. The challenge now was to culturally ‘reprogram’ civil servants to think more about control, coordination and common culture again. This increased the cultural complexity at the ‘cultural cross-roads’.

The Norwegian cases also illustrate this increasing cultural complexity. When the central immigration administration was reorganized in 2001 it embarked on a new cultural path, involving autonomy for the professional groups handling the single cases; however, this new path included quite diverse elements, with jurists espousing a kind of ‘super-autonomy’, while social scientists, mostly in the NDI, combined a sensitivity to political leaders with an orientation towards consequences (Christensen, Lægreid and Norman 2007). At the same time the ministry preserved the part of its culture related to central frame-steering of the subordinate agencies, concerning both general resources and the handling of groups of cases. In the hospital reform case the new cultural path was a complex one, which tried to unite a centralized control culture with a regional/local performance culture - not an easy task. In addition the reform produced tension in the hospitals between an efficiency-oriented culture driven by economists and a more traditional medical and caring culture.

**The impact of the technical and institutional environment.**

How might the technical environment explain the development of more structural and cultural complexity in public organizations? One obvious reason may be that the technical environment is diverse and possibly turbulent, something that will be reflected in internal complexity, as often argued by the contingency theorists (Scott and Davies 2006). So balancing control and autonomy could be the result of attending to different actors and institutions in the technical environment.

NPM is furthered by demands from the technical environment, for example related to crises. This was to a great extent the background to the reforms in New Zealand from 1984 (Boston et al. 1996, Gregory 2001). Another possibility is that a public organization will grow more complex because the demands on the organization from one or several outside sources have become more complex. This could be the result of increased formalization of demands and may also reflect increasing complexity in personnel and tasks. MBO as a planning and steering system, for example, contains a lot of formalized demands about results from a ministry towards an agency or a university.
Reform myths coming from the institutional environment are in general believed to have the effect of making public organizations isomorphic, i.e. more similar in form, at least on the surface (Meyer and Rowan 1977). The argument behind this is that myths develop in the institutional environment on a macro level, in natural processes, and spread rather quickly to certain other populations of organizations, where they primarily function as ‘window-dressing’, creating an image of the organization that increases its legitimacy, but without having instrumental effects (Brunsson 1989).

NPM was based on the myths that a large public sector was bad, that structural devolution and differentiation were good, that competition and choice were better than control and regulation, etc. So the complexity that NPM brought was also a complexity of ideas and ideology. When post-NPM came along a set of counter-myths gained support: namely, that an integrated public system was better than a fragmented one, that coordination was better than competition, that central capacity and standardization were better than institutional autonomy and variety, etc. (Christensen, Lie and Lægreid 2007). This created an even more complex system of ideas, because not all NPM ideas were deinstitutionalized, but continued to exist alongside post-NPM ideas.

Myths may also be seen as made and spread consciously by certain groups, be they national or international actors, and primarily from different organizational fields. They are narrower, often labeled ‘institutional standards’ or ‘prescriptions’, and public organizations choose a combination of them. These institutional standards are partly used and have instrumental effects, in confrontation with other myths or practices, either through processes of partial imitation, editing and translation, spreading of organizational ‘viruses’, etc. (Røvik 20029) This theory is therefore situated somewhere between the cultural theory of variety and the instrumental theory of similarity and convergence.

Based on the myth way of reasoning, one can say that increased complexity has something to do with public organizations imitating and using institutional standards (Lægreid, Roness and Rubecksen 2007). This can either happen if myths of control are imitated in one period and myths of autonomy in another, and they thus exist side by side, or if the organization simultaneously imitates myths catering to both control and autonomy, as is evident in both NPM and post-NPM reforms. If public organizations instead are seen as not only imitating comprehensive and homogeneous myths, but more partial myths or institutionalized standards from different organizational fields, complexity could result from organizations combining different reform elements containing both control and autonomy.
measures (Røvik 2002). Røvik (1996) also emphasizes that successful imitation may have something to do with combining decontextualization, i.e. arguing that a broad reform has potential everywhere, and contextualization, i.e. arguing that a given reform perfectly fits local conditions. If this is the case, local adaptation could be a complex combination of different reform elements, where local actors import different reform elements in a pragmatic way. If we relate this to NPM and post-NPM reforms, complexity may have resulted from a pragmatic adaptation to the two reform waves, whereby countries, sectors and institutions pick institutional standards from organizational fields and combine them in a ‘patch-work-like’ way.

NPM is very much furthered by the combined influences of technical and institutional environments. Sometimes real crises, like the economic crises in Australia, New Zealand and later on in Sweden (1990), were responsible for the adoption of NPM. But even in cases where there was no particular crisis, NPM simply became the prevailing ideology. Supported by neo-liberal politicians and anti-Keynesian economists, it became rather dominant and widespread so that people began to assume that it was ‘natural’ to take on board NPM and take it for granted that it provided the answer to most problems in public organizations (Self 2000). The same types of mechanisms occurred with post-NPM. In some cases there were actual problems or crises, related to lack of efficiency, problems of cross-sector coordination, terrorism, pandemics and tsunamis, all making it easier to argue for more control and coordination (Christensen, Lie and Lægreid 2007). At the same time, the symbols of reforms changed so that it is now taken for granted that control and coordination are better than structural devolution and role purity.

The influence of a combination of environmental factors is also evident in the Norwegian cases. Immigration reform was made necessary by an increasing number of refugees and asylum seekers and by ensuing capacity problems, but it was also accompanied by symbols of devolution. These symbols lost political support when the influx of immigrants continued to grow and become even more problematic, and instead control symbols began to prevail. The background to the hospital reform was expensive hospitals and efficiency problems, and the process combined symbols of both NPM (efficiency through enterprises) and post-NPM (control by the central government). The reform has never been seen as a success, so the symbols of control have recently become dominant.
Hierarchical design furthered or modified?

In principle, the hierarchical design of complexity may be both strengthened and modified by the contexts presented in the other supplementary perspectives. In the best of all worlds, political and administrative leaders will further a reform catering to a complex balance of control and autonomy and receive support from a variety of stakeholders, thus increasing its legitimacy and gaining access to supportive cultural norms, values and symbols that present the complex design as modern and good. At the other extreme, hierarchically based design of complexity may be marred in complex negotiations, come up against a resistant culture and unwilling professions and be challenged by counter-myths. All this may ruin or drastically modify the original intentions of the executives. In fact, both NPM and post-NPM reforms seem to have these features.

What tends to happen in practice is that hierarchically controlled reform has less difficulty controlling the participants and more difficulty controlling the problems and solutions. Relatively often heterogeneity is ‘used’ in favor of hierarchical control, or compromises are struck that make it possible to stay the course. Leaders often have the upper hand in manipulating symbols, but not always enough to stop cultural resistance. Concerning the access structure, the structure of problems and solutions, very often leaders have problems either defining clearly what they would like to do, or in gaining insight into the effects of the reforms they are proposing, or else they may underestimate the cost of reforms, etc., something that seems to have happened with both NPM and post-NPM reforms. All this often makes it easier for other actors to enter into the negotiations and to further their interests and solutions, whether based on their institutional/structural position, culture and professional background, or on pressure from the environment.

Concluding remarks - potential effects of the new complexity.

Finally, what have the consequences been of increased complexity in the balancing of control and autonomy in public organizations? One major argument may be that complexity is better than simplicity, so a complex system is better than a system built on one-dimensional theories, as NPM was accused of being (Self 2000). Structural complexity in public organizations enables them to cope more easily with complex societal problems and heterogeneous interests and demands. Political and administrative leaders thus have a repertoire of responses to complex and diverse problems at their disposal. Culturally, complexity may indicate that a hybrid culture, catering to diverse traditions and sub-cultures, has developed, enabling
organizations to be flexible in adapting to internal and external efforts to bring about change. One important factor in this discussion is whether the different structural and cultural elements are consistent and possible to combine in public decision-making and what possible challenges this might pose for the political and administrative leadership.

A different argument stresses that increasing complexity results in control becoming more problematic for political and administrative leaders. Complexity means having a variety of actors and institutional norms and values to attend to, which may make it more difficult to influence ‘local’ activities and implementation. A further argument is that compared with the ‘old public administration’ complexity is tilted towards more autonomy, which makes control even more problematic (Christensen and Lægreid 2001a). What is more, complexity makes more demands on the knowledge basis of political leaders. The more complexity, the more potential capacity and cognitive problems leaders will have, a problem that can be coped with by delegation, making administrative leaders more powerful. Political leaders have to divide their attention and process more information then before, while policy questions have become more technical and complicated, which makes politicians more reliant on experts. The downside of complexity may be that the elements of the complexity are incompatible, leading to uncoordinated or countervailing actions and creating chaos or stale-mates (Boston et al. 1996). The ultimate question is whether it is possible for executive leaders to choose many roads at the same time, going in the direction of both control and autonomy, without getting lost or encountering problems.

Brunsson (1989) emphasizes that modern political leaders tend to have their instruments of control weakened, so that they lose influence, but are still held responsible. Modern reforms like NPM decentralize and delegate to administrative leaders, and to lower levels and institutions, which makes both the control and the knowledge problem more acute for political leaders. Increasingly they have to defend ‘local’ actions over which they have little control and know little about. And there is a blame-game going on implying blame-deflection and blame-avoidance in reform processes (Hood 2002). Post-NPM reforms potentially aim to tackle such blame-games, by trying to re-strengthen central control, so one crucial question is whether this will change these games. At the same time, much of post-NPM is also about increased horizontal collaboration and coordination, which may obscure responsibility or accountability questions (Thompson 1980).
The two Norwegian cases show effects that are problematic for political and administrative leaders, not to mention the civil servants and professions involved. In the immigration case the central executives struggle to influence practice in the complex system, while the agency leaders and their civil servants complain about interference from above and shifting constraints. In the hospital reform case the overall performance of the complex system has not been good, as shown by accumulating deficits and growing waiting-lists, not to mention the main tension between central control, enterprise autonomy and professional practice.

A third take on the effects of complexity is that as complexity increases, negotiation aspects become more evident, because so many actors, institutions, interests, norms and values are involved or included. The rosy version of this is that more participation in public decision-making processes will make decisions more legitimate, bringing benefits to leaders and citizens alike (Mosher 1967). The more negative version is that increased complexity creates more tugs-of-war, tension and conflicts, and may also produce stale-mates or decisions that are impossible to implement or that do not work in practice, because they are so ambiguous. Winning coalitions may create viable solutions, but also imply less overall legitimacy. Compromises on a broad basis may increase legitimacy, but also make the effective achievement of collective goals more difficult. The sequential attention to goals may imply short-term gains in legitimacy but long-term problems with inconsistency and implementation. NPM as a reform wave allows delegation, diversity and participation, all of which are related to complex negotiation processes. A major challenge, however, is how executive leaders can influence these processes. Post-NPM, on the other hand, caters more to control but also to horizontal collaboration and coordination, which may also result in negotiation processes. A challenge in this respect might be to allow variety and participation in controlled decisions.

A fourth possible effect of increased complexity may simply be to create chaos and make the solution of important public problems more difficult. According to the ‘garbage-can’ decision model this may be related to several factors (March and Olsen 1976): Participants, problems, solutions and choice opportunities are generally loosely coupled, creating less predictability and stability and more ambiguity and chance-related processes. Central actors become part-time participants who have problems of control, attention, resources and knowledge, and this becomes even more problematic in complex systems. Actors tend to pursue ‘local’ solutions and interests, which may create a collective
irrationality (Allison 1971). Garbage-can processes also have a tendency to be more about symbols than solutions. Politicians or other central actors more often manipulate symbols than solve societal problems. Talking about and ‘handling’ problems becomes more important than fulfilling collective goals. Brunsson (1989) labels public organizations with such profiles ‘political organizations’, i.e. they are not ‘action organizations’. Typical of such organizations are ‘double-talk’ and ‘hypocrisy’, implying balancing talk and action to cater to diverse interests.

There are arguments for such an interpretation of the consequences of the increasing complexity created by combining NPM and post-NPM reforms. NPM was not only a major and complicated reform, demanding a lot from central actors, but it also challenged traditional structures and cultures in fundamental ways. Public organizations and their leaders and employees were not only resistant to the reform, they also had problems understanding and implementing it, resulting in ambiguity and a degree of chaos. When post-NPM came along, they had to re-adapt, reorient and ‘reprogram’ themselves. The biggest problem, however, seems to have been how to combine the diverse elements from NPM and post-NPM. Is it, for example, possible to cater to control and autonomy at the same time, in a new kind of synthesis? Or what does attending more to control and coordination mean in an NPM-oriented system? Not surprisingly, leaders found these dual demands rather confusing.

References.


