

REPORT ON THE INTERNATIONAL PUBLIC MANAGEMENT NETWORK RESEARCH CONFERENCE IN RIO DE JANEIRO, BRAZIL

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The IPMN 2004 biennial research conference was held on November 17-19 in Rio de Janeiro hosted by the prestigious Brazilian School of Business and Getulio Vargas Foundation (FGV/EBAPE), Brazil's leading school of public and business administration. Members of IPMN are grateful for the wonderful reception and management of the conference by the staff and faculty of EBAPE. The conference was attended by approximately fifty academics from all over the world including the U.S., Europe, Russia, and Latin America, with a strong contingent of practitioners from Brazilian local governments.

The conference theme was, "Third Generation Reform in Brazil and Other Nations: Achieving Governmental, Social and Economic Realignment." Third generation reform was defined by Professor L. R. Jones in his conference plenary address. A summary of the text of the address is provided below. Following this text are two reports on the conference written by rapporteurs Eugenio Caperchione, Professor, Bocconi School of Management and Professor/Vice Director, Department of Economics Studies, University of Modena and Reggio, Italy and Turo Virtanen, Professor and Department Head, Department of Political Science at the University of Helsinki, Finland.

Ten research papers were presented during the conference. The keynote paper of the conference was presented by Michael Barzelay of the London School of Economics (co-authored with Raquel Gallego), "From 'New Institutionalism' to Processual Analysis: A Focus on Policy Making in the Study of Institutional Change." Kuno Schedler of the Institute for Public Services and Tourism at the University of St. Gallen, Switzerland and Riccardo Mussari, University of Siena, Italy also delivered plenary comments to open the event. In addition, Brazil's former Secretary for Planning and Strategic Investments presented a welcoming statement on public management success and failures in the Brazilian reform program in a panel discussion chaired by Michael Barzelay that also included EBAPE Professor Armando Cunha.

Defining Third Generation Reform

Third Generation Reform in Brazil and Other Nations: Achieving Governmental, Social and Economic Realignment, text of the address delivered by Lawrence R. Jones to the IPMN 2004 Conference, Rio de Janeiro, Brazil, November 19, 2004.

"How is reform to be implemented once a mature stage of change is reached? This issue is important for all nations and particularly Brazil and Latin American nations. How is

policy continuity best achieved once political parties sponsoring change leave office? What are the sources available to fund continued implementation of reforms? How do local and state governments continue to implement reform after national government support changes or fades? What criteria should be applied to determine which reforms should be continued and which should be terminated? How are a variety of economic and social changes instituted under a succession of reforms to be coordinated and aligned to achieve a common purpose, e.g., economic development, environmental protection, social equity? What is the role of international lenders and other international institutions in this process? Papers addressing these and related issues are welcomed for review for presentation at the IPMN 2004 international research conference.

To expand on the definition of third generation reform, in the first phase of comprehensive reform comes the articulation of a new policy and management direction (public management policy making in Michael Barzelay's framework; see *International Public Management Journal* 6/3 2003: 251-281), typically but not always issued by a newly elected government. Passage/enactment of policy and budgets followed articulation and dialogue. Then, new policies and management approaches were implemented. This is only the start of the implementation process but the end of the first generation of reform. The second generation consists of following through -- steering of continued implementation by the government that articulated and sponsored the reforms.

The third generation begins when the original sponsors leave office, often but not always at the point of transition to another government. At this point it is up to a new government (of the same political party or party coalition as the original policy reform sponsors or a different party) to decide, enact and then begin to implement modifications to the original reforms. Here is where continuity and other problems arise, where tough choices are necessary on policy priorities, spending, enforcement, responsibility sharing, and other important issues.

When national governments change, critical questions must be addressed, e.g., which policies should continue, which should be modified and how, which should be terminated? Answers to these questions lead to another set of issues, e.g., what were the net benefits of the previous regime of reform and how were they distributed? Who paid and who benefited? What are the likely effects if the new regime articulates a fairly radical

departure from the reforms of the previous government? How do state and local governments that have enlisted and been paid to participate in the first and second generations of reform deal with such change? (One answer is state and local governments continue to endorse programs that fit with their policy priorities and that continue to be funded by the national government, but drop everything else.) Where changes in national-local government relationships occur accompanied by other changes, including policy/program termination, and who loses benefits as a result? What level of government or what other entity takes up the slack if programs/services are discontinued? In this conception of the phases of public sector and government reform, the toughest problems are those faced by a number of stakeholders in the third generation of change.

Many places in the world are now at the point of transition to the third generation of reform and, consequently, must face sets of questions that go far beyond the debate over whether NPM persists, whether it constituted a paradigm shift and other issues often raised in the public management reform dialogue." (L. R. Jones, 2004).

Conference Themes on Reform Dynamics

Following from Michael Barzelay's interpretation of generational reform as extended in address by Jones, discussion at the IPMN Research Conference produced some noteworthy findings and notions for further research in the field. A central problem considered in the research presentations and ensuing discussions at the conference was how to adequately scope notions of public management in the context of public sector reform and, especially, how to define and understand three generations of public management reform across different reform efforts in a variety of national contexts. Public management may be understood as a multidisciplinary field of academic research and as a key activity of public organizations susceptible to changes in government policymaking. Public management policy may constitute either a crucial part of a Government's policymaking or may be nearly non-existent in a Government's agenda setting.

The macro-political environment affects the implementation of public management reform, a central topic discussed at the Rio conference. In some countries, efforts to translate goals for administrative modernization into documents, plans, and a reform strategy – first generation reform – have been followed by actual implementation. Sometimes reforms stop at this initial stage. However, when new governments take over, whether they are elected officials from a new party or new officials from the same party, the continuity of reform policies is more difficult to sustain and follow. At this stage, an administration has to choose between the continuity of the previous plans and actions and its need to have its own reform agenda. In the study of public management and reform most attention has been directed at the first and second stages.

This is evident in political developments in Brazil over the past decade. Under the administration of F. H. Cardoso (1996-98) public management reform was a top priority embodied in the Brazil in Action program. Under the current presidency of Lula, public management has not been part the policy agenda and has been largely neglected. If public management is understood as part of a more comprehensive political program then both the causes and effects of public management reform policy become clearer. The goal of macroeconomic stability emphasized by the Cardoso's administration assumed new structures, processes, and leadership capacity for public administration that made reform a top priority. On the other hand, the more populist aims of the Lula government do not require public management reform necessarily.

Public management is only one of various policy domains and not every government will have the same policies or priorities across them. The continuity of public management reform is related also to the leadership and organization of the reform's design and implementation. A strong role for the head of the Government often indicates a high priority and supports reform momentum. Conversely, an implementation effort that is overly centralized may overload the agile and responsive decision-making required for the implementation of the new priorities.

Both academic researchers and practitioners of public management often assume – or hope – that there is continuity in public management policymaking. Arriving at 3rd Generation Reform is hard work and often requires more than a few election cycles. Too, it requires both a long-term investment in building skills and capacity in public managers and a careful selection of projects that can be successful. Careful selection of projects means that skilled managers can be concentrated in them, thus further increasing the chances of success and continuity. Moreover, continuity increases the likelihood that learning will take place, both individually and organizationally and that investments will become intellectual capital. Nevertheless, elected officials may not prioritize public management as a specific policy objective. In this case, it may be the obligation of public management professionals to try to revise the political agenda as they can. However, this is not necessarily agreed upon because rational elected officials may have other reform goals that take precedence and democratic decision making commands respect for these. This aspect, sometimes neglected, was raised in the Rio discussions.

Also considered in Rio were those hidden, taken-for-granted, and often unquestioned aspects in the design of public management policies to support reform. For example, public choice assumptions often drive these policies thus emphasizing privatization, contracting-out, performance management, service to the customer and the like making many reform programs eerily similar or faddish seeming. Moreover, the homogeneity of governmental organizations may support this approach and the central control of governmental policies and budget may further support these sorts of solutions. The employment of 'one size fits all' notions is especially lamentable when one considers that there are profound differences in both the political systems and cultures of different countries. In this regard, perhaps the lessons of contingency theory need to be reassessed with respect to its relevance to the reform context.

Critical Elements of the Discourse at the IPMN 2004 Conference

Eugenio Caperchione, Bocconi School of Management and University of Modena, Italy.

IPMN members met in mid-November 2004 in Rio de Janeiro for two and a half days to discuss generational reform in Brazil and elsewhere. To stimulate dialogue ten papers were presented at the conference, and comments by discussant were provided for each session in which individual papers were delivered. A selection of the conference papers

will be published in IPMJ. Thus, those interested in reading them need only wait to read the final drafts incorporating suggestions received by authors at the conference (draft papers are available at www.ebape.fgv.br/ipmn).

However, papers are not the only relevant and enriching aspect of a scientific meeting, at least when participants debate openly and at length about the various issues raised by authors in dialogue after papers are presented. This is indeed the case with IPMN events. Thus it is worthwhile to sketch some of the main elements of the conference dialogue. Inevitably, what follows is a personal choice about what is significant as distilled from a lot of information, biased by this rapporteur's personal interests. Most of the conference papers dealt with reform generation and implementation in Brasil and Latin America; a few of them on the other hand, offered a view on different European and Asian countries. Presenters, discussants and scholars in the audience concentrated on some key issues:

- The reform generation process;
- The role of politicians and élites in a reform guidance;
- The external or environmental conditions necessary to start and implement reform;
- The choice between central control and local administration autonomy, and its impact on reform success;
- The behavior of incoming governments towards initiated reform processes, and their political need to formulate a new reform agenda.

A number of examples were provided, which clarified that every time a new government comes into office, a high risk exists of interrupting ongoing reforms. IPMN members discussed the conference topic theme in depth, so as to identify strategies, actions or techniques attempting to make reform programs less dependent on the political support and less vulnerable to the changes of administration. Linked to this, a significant part of the discussion concerned the possible differentiation of reforms on the base of their generation, so that 1st, 2nd and 3rd (or even n-) generation reforms might be identified and differentiated.

Following this logic, first generation reforms would consist of an effort to translate in documents and plans a reform strategy. Sometimes the reform stops here, especially if managers lack the necessary skills and competence. We may then see a second generation of reform once a reform is implemented: agreements are made, new services are delivered, (new) people are (better) served, privatization or other managerial innovations occur.

Finally, third generation reforms may be represented where a new government puts new or revised policies and programs in place, choosing a balance between the continuity of previously articulated (1st generation) and implemented (2nd generation) reforms and the need to build and communicate its own reform agenda (L. R. Jones, 2004). This is clearly a new field for research, since up to now academics have directed much of their energies towards research on first and to some extent second generation reforms, giving less attention to the third.

Some other critical questions were debated. A first we investigated the nature of our research object: what is a "reform" itself? Shall we consider a change in the law as a reform, or is this only a pre-condition, sometimes rather irrelevant?

The role of managers in conceiving, implementing and finalizing reforms also was analyzed. Is managerial capability the central resource for a reform's success, or do political commitment and support play a more significant role?

These were some of the questions about which the audience debated, and a number of possible answers emerged at the end of a highly heuristic discussion.

It is useful to list some of the suggestions that were more or less agreed upon about how to ensure a higher success of reform of whatever generation:

- a) A first need is strong commitment of high-level politicians, demonstration visible and convincing support of key people in a government - sometimes even the president and his staff. This appears to be much more necessary in those countries with younger or less stable democracies and a less skilled bureaucracy. In these cases, only the perception that "the president himself" is fighting for a reform may convey enough energy to effectively support reform;
- b) Nothing good can be done unless a great investment is made in human capital. The characteristics of public management are such that it requires both skilled and educated people inside and outside public administration borders to press for reform. Consequently, a plan of long run investments is needed. Quite evidently public managers are in need of continuous education, since the phrase "Let the managers manage" should more correctly be stated as "Let skilled managers manage." In the view of J. P. Silveira, the former Secretary for Planning and Strategic Investments for the federal government of Brasil, managerial capability is a dramatic aspect in many countries; the inadequacy of managers, he said, explains some major reform failures;
- c) In some situations, a careful selection of projects can be the way to implement a program of presidential priority projects. This was for instance the case of "Brasil in Action" (Brasil em Ação), a program of 42 priorities started in 1996 by the F.H. Cardoso government. These projects eased the communication with citizens and other stakeholders, made it clear that the president himself was highly engaged, while concentrating the limited energies of the best-skilled managers. Once they were actually implemented and positive results were achieved, they served as a platform for further reform steps. Nevertheless, presidential priorities are only a start, since they do not cover the whole of an administration;
- d) Priorities can be set following two alternative paths (E. Bardach). On one hand, from a technical point of view reformers should look for correct sequences of interventions, so as to build platforms. The existence of property rights or a shared view and a general consent on the rule of law can, for example, provide a platform upon which to base democratic elections, privatization or freedom of press. On the other hand, politicians want to build momentum, so they tend to anticipate easy

tasks or popular and widely supported reforms, while postponing themselves against problems that might magnify errors. They can also profit from modularization, trying to split a reform into independent actions, as well as from isomorphizing. Clearly, the ideal managerial sequence does not necessarily fit with the ideal political sequence: trade-offs and risks have then to be identified and discussed;

- e) A deep knowledge of other countries' reform history is a relevant asset for everybody in the field: most of the mistakes have already been made, most of the obstacles have become apparent, and some of the possible solutions have been discussed or even tried. This is especially relevant for those willing to promote and implement reforms having a high possibility to survive government change. The existence of transition mechanisms, and particularly any joint vision between outgoing and incoming ministers, can contribute very much to the survival of some pieces of reform (Silveira);
- f) As for any other program, the greater the detail in defining some intermediate expected results, the higher the possibility to timely identify deviations or inconsistencies and to introduce corrections or amendments;
- g) Time is a crucial variable to manage, as many papers emphasized. Speed is relevant but it cannot become a value per se; only rarely can difficult reforms be realized very quickly. So, time should not be wasted, and a cautious government should start with its reform agenda on the first day of its mandate. On the other hand, the shortage of time can lead, or at least can contribute, to a reform failure (García);
- h) Financial issues and policies also are very critical. L. Jones argued that reformer's budgets clarify the relevance that a Government or a Parliament actually assigns to specific reforms. Ad hoc "ring-fencing" mechanisms can prevent undesired use of resources (Barzelay-Shvets). In this regard, during the debate it was noted that most politicians tend to pay little attention to this aspect, and that external communication only occasionally reports on expected or actual costs. This may be due to a fear of the possible criticism of the population, once this information goes public (R. Laughlin).

In addition to these points, some suggestions about research emerged for our network dialogue as a scientific community. The first one is methodological, and concerns comparisons. K. Lüder pointed out the need to collect a very large information set on a single country before comparing it to other countries. Comparisons, he explained, are a very difficult and time-consuming piece of work, and they should not be limited in scope, investigating only a phenomenon's surface. On the same point, D. Klingner noted that, "You have to study a language if you want to study a country." A country's language explains its culture, its habits, its ways of thinking, so researchers have to live in that country, and they had better speak its language to understand it. I would add that comparisons require the direct analysis of original documents and materials, since every translation, notwithstanding its quality, risks offering a simplified and inappropriate picture.

A second methodological remark concerned our labeling of phenomena. Because we deal with public management, we must never forget to stick to these two words. R. Mussari invited IPMN scholars to go back to the emphasis on the word "public" in public management, i.e., to re-concentrate on the tasks of delivering services to the public -- the key stakeholders in government -- and on the specific aspects of public administration/management that differentiates it from other institutions and sectors.

A third recommendation to scholars regards the way in which we communicate. As K. Schedler noted, the results of our studies are sometimes misinterpreted by politicians and managers. This can in some cases be intentional; nevertheless, we are all tasked to refine our communication about policies and instruments if we intend to make a significant contribution to public management reform.

A last suggestion (at least in this brief personal selection) referenced investment in human capital and its role in public sector innovation. If we consider on one hand the tremendous relevance of education in enhancing a country's opportunities, and we think about the difficulty of financing comprehensive educational programs, we should resolve to pay more attention to this problem. Regional development banks, L. Jones noted, often look for a return on their investments, and tend to finance self-repaying infra-structural projects. They might be more willing to support major educational projects if scholars could make clearer how to measure the long-term return on human capital investments.

'Does the Same X Fit All?' Dialogue on Generations of Public Management Reform

Turo Virtanen, University of Helsinki

Public management can be understood both as a field of research and one of the key activities of all public organizations. The former perspective sees public management as a multidisciplinary scholarly work largely protected the autonomy of scientific community, while the latter sets public management open to policy making with varying intensity. Depending on the priorities of different targets within the political agenda, public management policy may constitute a crucial part of the Government's policy making and be clearly outlined in official policy papers - or be nearly non-existent in terms of political publicity and agenda setting. Whether public management is politically interesting or not, depends on its effects on political mobilization. This is partly determined by how urgent and severe the problems of public management (e.g., corruption) are considered among the actors of political power. Public managers and other administrators as well as the researchers of public management have a natural interest in questions of public management. In many cases, their political power is not sufficient for the political mobilization (and should it ever be?). In this sense, public management policy making is only partly in the control of the professional community of public management.

The macro-political environment has many effects on how we understand the generations of public management reform, the central topic of the Rio conference of the

International Public Management Network. The theme, introduced by Prof. Michael Barzelay and Prof. Larry Jones in Rio, is exceptionally interesting, because it reveals how the role of public management may be seen in wider society. It is true that the traditional rhetoric of goal-setting for administrative modernization (the first generation) has been followed, in many countries, by instrumentalization and actual implementation of those reforms or part of them. New situations have emerged, however, when new governments have taken over and the continuity of reform policies has become obscure. The Rio discussions did not neglect these important questions. For example, the stronger role of political science in post-NPM research was seen as an implication of the political change in the context of public management.

Political developments in Brazil constitute an excellent environment for discussion about generations of public management reform. Brazil in Action, a policy program for reforming public management in 1996-98 under the presidency of F.H. Cardoso, was followed by "public management as a non-policy field in Lula's administration" (as Dr. Regina Silvia Pacheco put it). This may not be a surprise if public management is understood as part of a more comprehensive political program. As the discussions in Rio showed, the goal of macroeconomic stability emphasized by Cardoso's administration assumed new structures, processes and leadership capacity within public administration. It is not obvious that every government should have the same policies or priorities in a set of different policy domains, of which public management is only one. This is also related to the leadership and organization of reform design and implementation. High priority is often understood to entail a strong role of the head of the Government. However, if there is a policy change, too centralized an organization may cause overload in the decision-making required by the implementation of the new priorities. Implementers are not always trusted.

The academics and practitioners of public management tend to assume - or hope - that there is continuity in public management policy making, since the goal-achievement is hard work and requires often more than a few cycles of elections. Continuity assumes learning, both individually and organizationally, and even inter-organizationally within the set of organizations of the whole public sector. However, in developing criteria for evaluation of good public management transformation through a change of government, this task must address that the practice of public management reform appears to be more like waves of relatively independent successes and failures rather than a well-structured cycle of generations of learning. Even though the criteria may prove to be the same, their ranking and operationalization as well as the set of actors may change in part relative to the extent that accumulation of information turns out to be difficult or nearly impossible. Politicians may make mistakes - mistakes defined by the goals that they actually would like to accomplish - in not prioritizing public management higher or in supporting specific goals and instrumentalization. In this case, it is the obligation of professionals of public management to try to revise the agenda and policies. But it may turn out that politician choice is rational and transparent enough - they just do not value the development of public administration in the same way as professionals do under the particular reform circumstances (there may be more important goals). This is the hard case, but if there is anything left of democratic decision-making, this choice is to be respected. This aspect, often forgotten, was pointed out in Rio discussions.

The design of public management policies assumes theoretical aspects that are often hidden and taken-for-granted. For example, assumptions of public choice theories are

often behind policies emphasizing privatization, contracting-out, performance management, service to the customer etc., and many reform programs remind one of another. Even if few scholars and other observers think that 'one size fits all' in reform, in practice the commodification of public management and consultancy often proves something else. It is easier to sell one product and stretch it over variety of forms than to tailor to individual solutions. The necessary homogeneity of a set of governmental organizations may strengthen this approach in one state. The control of governmental policies and budget assumes similarity or at least isomorphic solutions. But political systems and cultures of countries may have profound differences to which one should pay attention. One of the most passionate discussions in Rio was fueled from a disagreement on the issue of whether 'one size fits all' is a valid observation. Perception and opinion on this issue is inexhaustible for every thoughtful mind. Somehow it seems that the lessons of contingency theory, a mainstream approach in organization studies in the 1970s, have been forgotten.

In the last session, Larry Jones presented a hypothesis: one cannot find mature third generation reforms anywhere. In a way, this claim conveys the important message that public management reforms have to adapt to political conditions. If the professionals of public management do not foresee the ruptures of forthcoming public management policy making and blur the gaps with legitimate institutional narratives, there may be a 'war between generations.' It may be that the continuity of change processes presupposes argumentative structures where 'the same X fits all' whatever the X may be, at various stages of reform.

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