

# HAS THE UNITED ARAB EMIRATES FEDERAL GOVERNMENT SUCCEEDED TO TRANSFORM ITS FEDERAL BUREAUCRACY INTO A NEW PUBLIC MANAGEMENT SYSTEM?

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## ABSTRACT

*The paper tries to provide an answer for the question: has the United Arab Emirates (UAE) federal government succeeded to transform its federal bureaucracy into a new public management system? It seeks to provide this answer by describing, analyzing, and evaluating the evolution of the United Arab Emirates federal administrative system from a traditional public administration system to a new public management one. The New Public Management (NPM) is an identifiable phenomenon with different versions in developed Western countries but some developing countries, such as the UAE, attempt to adopt some of its components to reform their public-sector management. However, the UAE have not incorporated in its reform attempts those NPM concepts that may disturb the traditional cultural and patron-client legacies that underpin the legitimacy of the political system. The UAE moves to adopt the NPM approach is made imperative by economic factors and international developments such as globalization. The paper has discussed the basic kernels of mainstream NPM concepts, but because of the varied versions of the NPM approach, the paper develops its own framework of analysis to analyze the UAE reform attempts. Accordingly, the NPM tools are classified in this framework into two levels: the macro and micro levels. Whereas the macro level targets the restructuring of the whole administrative and economic system, the micro level introduces business management tools to public sector management. The UAE attempt to utilize both levels in its attempts to reform its federal government administrative system has achieved variable degrees of success.*

**Keywords** - United Arab Emirates, New Public Management, Governance, Outsourcing; Contracting out, Privatization; Market Culture.

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The focus of this paper is to describe, evaluate, and analyze the United Arab Emirates (UAE) efforts to reform its federal administrative system from a traditional public administration system to a new public management one. These reforms utilize a mixture of tenets and ethos of the new public management (NPM) and other innovative market-oriented administrative reform experiments imported from other advanced countries which adopted similar approaches. The traditional bureaucratic system was imported to UAE on the eve of its independence in December 1971 and superimposed into an essentially tribal patron-client system and thereby creating a unique mixture of modernity and traditionalism. Being in a severe shortage of qualified personnel on the eve of its independence, the country was forced to rely heavily on administrators and professionals imported from other Arab sister states known for their well-established bureaucratic systems. These included bureaucrats mostly drawn from Egypt, Jordan, Sudan, and other Arab countries. The British colonial regime introduced bureaucratic systems and practices in these countries to facilitate control of these societies. In some cases, like that of Sudan, which was itself a tribal society comparable to the UAE, the British integrated what was termed “native administration”, or existing tribal authority, into the newly implanted bureaucracy to facilitate inexpensive government through this system of indirect rule (Elhoussein, 1989).

### **METHODOLOGY OF THE STUDY**

This paper employs a qualitative case study methodology to answer the question: Has the United Arab Emirates Federal Government succeeded to transform its federal bureaucracy into a New Public Management System? Accordingly, the author has developed a framework of analysis based on the key pillars and conceptual foundations of the New Public Management (NPM) to analyze the experience of the United Arab Emirates of reforming its public sector. To facilitate the analysis of the UAE efforts of utilizing the NPM’s concepts and tools to reform its public sector, the paper classified the NPM concepts and tools into two groups: macro and micro tools. Whereas the macro group consists of tools such as privatization, public-private partnership, and contracting out, utilized to restructure the whole administrative system, the micro group includes tools that use business management toolbox, such as TQM, market-driven policies and e-government, to reform the operations of government public sector management. This framework is used to organize the sections of the paper under which the UAE public sector reform policies are discussed. The paper argues that the UAE government emphasizes the micro tools of the NPM to avoid disrupting the patron-client legacy that underpins the government political legitimacy and this fact influences the types of reforms targeted and the NPM tools selected.

### **A FRAMEWORK OF ANALYSIS**

The framework adopted in this paper does not intend to use all the varied components of the NPM as developed in western culture, but only to review briefly in this part the NPM literature and derives a specific a set specific of major NPM concepts to build a framework of analysis that helps to organize the topics of discussion in the paper. The term New Public Management (NPM) was introduced in the 1980s in Britain, by Cristopher Hood (Hood, 1991; Lynn 2005; Dunleavy, 1985), to refer to packages of administrative reform policies utilized in European, East European, and later

proliferated to some developing countries (Dollery and Lee, 2004). The NPM has been given considerable push by experiments in Britain, New Zealand, Australia, and USA (USA equivalent of NPM is “Reinventing Government”) (Pollitt, and Dan, 2011; Osborne and Gaebler 1992; AL Gore 1993; Drollery and Lee 2004). These reforms stressed the importance of *markets and management* as contrasted with *administration* in public-sector service delivery and often are linked to economic rationalism and new right politics (Hood 1989; Pollitt, 1993).

Notwithstanding the fact that the NPM is sometimes portrayed as a solid creed, similarities and variations in its themes and applications are abound (Hood, 1995 and 2005; Lynn 2005; Rosenbloom and Kravchuk, 2005). The US version of reinventing government emphasizes the role of the government to steer rather than row and the entrepreneurial role of public managers (Osborne and Gaebler 1992). However, there are certain tenets and doctrines that are common to most versions of NPM (and Reinventing Government). These include (Osborne 2010, 3):

An attention to lessons from private-sector management; The growth both of hands-on “management”- in its own right and not an offshoot of professionalism- and of “arm-length” organizations where policy implementation was organizationally distanced from policy makers (as opposed to the “interpersonal” distancing of the policy administration split within PA); A focus upon entrepreneurial leadership within public service organizations; An emphasis on inputs and output control and evaluation, and upon performance management and audit; The disaggregation of public services to their basic units and a focus on their cost management; and Within the Anglo-American and Australia/New Zealand regions at least, the growth of use of markets, competition, and contracts for resource allocation and service delivery within public services.

Hood (1995) provides an alternative set of seven more specific dimensions that characterize the departure of NPM from the traditional public administration. These include “the shift towards more disaggregated public sectors units used as cost centers, the subjection of the public sector to competition within itself and with private sector organizations, a use of private sector management tools in the public sector, more emphasis on discipline and parsimony in resource utilization and costs, a move towards more control by top management, the use of measurable standards of performance, job pay according to performance and not educational attainments or seniority”.

Hood (1995) also seeks to explain the move toward the NPM in OCED countries, as well as in the USA and Japan, using certain explanations used in the literature. These include the ascendancy of the new right to power, the fiscal stress and macroeconomic performance, and the size of government but he finds that these factors do not provide a complete or satisfactory explanation of the shift towards the NPM among advanced economies in the world. However, Globalization and the dominance of the market tenets accompanying it help to spread the new creed in the developing countries. The UAE is not an exception in this venture. Unlike traditional public administration, which is politically oriented, the NPM is market oriented and originates in economic rationality models which are not compatible with some of the values of the UAE political system,

especially the inherited patron-client relationship (the traditional ruler-ruled relationship).

The paper's framework distinguishes two models of NPM; the market-oriented USA-based model of the reinvention of government movement (Osbourne and Gaebler 1992, and AL Gore 1993) and the European model of the NPM which is more business management oriented as described by Hood, (1995) and Osborne (2010) above. Of course, the two models have shared some common characteristics such as the importance of the market culture for public sector reforms and the supremacy of the private sector management concepts over bureaucratic tools. To facilitate the use of the two NPM models and their tools in the analysis of the UAE experience, the paper classifies these tools into two groups: the micro and macro levels tools of the NPM and reinvention of government. The macro-level includes those tools that intend to restructure the whole public sector by utilizing policies of privatization, public-private partnerships, and outsourcing or contracting out. The micro-level includes the business management knots and bolts of the NPM; these include the introduction of the free market and the inculcation of market culture in the public sector, the use of business management tools, such as market-driven policies, total quality management, customer focus, e-government and rational budgeting, in public sector management. This modified framework of the NPM approach is used to organize the different sections of the paper under which the UAE public sector reform policies are discussed. The paper argues that the UAE government emphasizes the micro tools of the NPM to avoid disrupting the patron-client legacy that underpins the government political legitimacy and this fact influences the types of reforms targeted and the NPM tools selected to achieve public sector reforms.

### **THE UNITED ARAB EMIRATES PUBLIC SECTOR**

The discussion of the UAE system of government is imperative here because it establishes the context within which administrative reforms efforts are carried out. From the outset, the founding fathers of the new state adopted a loose federal system of government to accommodate the already existing seven highly autonomous *Emirates* (sing in Arabic *Emara* i.e. governorates). These include the *Emirates* of Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Quwain, Ras Al-Khaimah, and Al Fujairah. In this federal arrangement, the public sector consists of three layers of administration: the federal, the *Emara* Government, and the local municipality levels. In this system, the legacy of the inherited patron-client relationships coexisted with the modern institutions of government and the public sector in the form of an informal organization.

The patron-client relationship in its modern form underpins the political legitimacy of the UAE government. It has evolved now into an intricate system to channel wealth distribution, government grants, administrative jobs, and business rights allocations. This fact explains the government policy of drawing a clear borderline between citizens and non-citizens (expatriates) with different rights and access. (Vora 2010; Mansour 2016). Based on that tribal patron-client system, or perhaps because of it, the government in the UAE has from the outset, like other gulf states, emerged as a paternalistic state (Mansour, 2008). Therefore, the existence of formal (legal) public sector institutions served as tools of maintaining this patron-client relationship rather than displacing it.

The coexistence of the patron-client relationship with modern bureaucracy produced a system similar to the prismatic administration described by Fred Riggs (1964). For example, the present foreign investment law requests that foreign investors should have a citizen partner, or sponsor, owning at least 51 percent of the venture's shares. This partnership, in most cases, exists only "on paper" with agreed upon cashback arrangements for the citizen that render the venture to be actually owned and managed by the foreign investor. This practice has informally widened the net of patron-client relationship to cover indirectly foreign business firms and investments and represent one method to distribute benefits to clienteles in the form of agreed upon amount of money in return for the sponsorship.

The UAE attempts to traverse from bureaucracy to the NPM to reform the administrative system arrived as a response to the imperatives of the UAE economy and to developments in local and international markets. This partial departure from bureaucratic methods as the dominant mode of administration to new concepts of new public management and governance started towards the end of the 20<sup>th</sup> century especially when globalization ensued and the country's economy was integrated into the international political economy.

### **THE MACRO-LEVEL NPM: PRIVATIZATION, OUTSOURCING, AND CONTRACTING-OUT**

It should be emphasized from the outset that The UAE government avoids all policies that disturb the ruled-ruler relationship especially massive policies of privatization, because of its impact the provision of social and economic services provided for free to nationals as well as their as impact of on citizens' employment. The government uses public-private partnerships and contracting out policies cautiously and target some services which do not impact negatively questions of employment. This conclusion explains partly citizen-oriented investment and property rights policies. The type of public-private partnership preferred by a government depends on many factors which work to shape and reshape the policies adopted by a certain country. According to Pearson and Payaslian, (1999, 260), these factors include, "political power configuration among the interest groups, bureaucracies and policy makers in the principal institutions. It also depends on economic imperatives as dictated by domestic and financial conditions, debts and the overall ideological and historical context of privatization". Apart from pressures coming from international organizations such as the International Monetary Fund (IMF) and the WTO, the domestic realities exert certain pressures on the government policy not to adopt full-fledged privatization ventures. In the socio-political context of the UAE, characterized by a patron-client relationships on which political legitimacy is based and ethnic groups who behave softly like interest groups albeit in a different manner, the major concern of UAE government is that the privatization policy should not disrupt the fabric of the well-woven patron-client ties by disrupting the provision of social services to citizens and their job security. This, in fact, explains the emergence of the UAE from the outset as a welfare and paternalistic state. The disruption of this welfare state constitutes the major barrier to the full-fledged privatization of assets especially the oil industry which finances the welfare provisions.

The concerns for citizens' welfare to enhance the legitimacy of the political system may lead sometimes the government to ignore its pledges to create a free market and its firm beliefs in the merits of the free markets when it affects the welfare of the citizens. Hence the free play of the market forces is not always adhered to. For example, the Economic Freedom Index, which measures the degree of states' adherence to freedom of markets, highlighted in 2007 the low performance of the UAE in the index pillars of business freedom, freedom from government, investment freedom, financial freedom, and property rights. This low performance in these areas, which affect citizens' welfare, was dictated by political considerations. In this instance, the intervention of government in the market is meant to protect nationals from foreign competition in the field of investment, economic activity, and the provision of subsidized social and welfare services (Mansour 2008).

Ranked 25<sup>th</sup> internationally and 2<sup>nd</sup> regionally in 2016, the UAE has succeeded to improve its standing in the Index of Economic Freedom. The 2016 report acknowledges that "Economic freedom in the United Arab Emirates has advanced for the eighth year in a row. "With a transparent and favorable business climate and a high degree of political stability, the UAE has created a dynamic entrepreneurial environment for international investors," (2016 Index of Economic Freedom). Despite these achievements, the government intervention in the labor markets and freedom of business is still in place. The wages of immigrant labor are very low, and private sector organizations are requested to employ a certain quota of citizens. For example, Vora (2010) explains this policy in the following terms:

.... in the UAE, there is a three-tiered classification system for businesses based on who they hire. An "A" category company pays the lowest in visa fees because it has incorporated a certain percentage of citizens into its workforce. A "B" company does not have enough citizens but pays slightly reduced fees because it employs workers from diverse national backgrounds. A "C" company, which tends to hire almost exclusively from one nationality, pays the highest fees for visas. So companies can decide which category to belong to based on their business preferences — in effect they pay more to maintain ethnic strongholds in particular industries.

### ***Privatization, Contracting-Out and Outsourcing of Social Services***

The federal government is involved in the provision of free education, health care, welfare, and social assistance services especially to the poor citizens in all Emirates. These services are not *privatizable* in the sense of transferring their provision to the private sector because of their centrality in the political legitimacy of the political system. Moreover, and because of the positive externality encapsulating them, transferring their provision to the private sector may lead to the production of insufficient quantities and inferior quality. Previously the federal government provides free general and university education services to all citizens from the "cradle to the grave". A small private schools sector, mostly with foreign curricula, existed beside the public one. The only change in recent decades, coinciding with the adoption of public policies to expand the role of the private sector in the economy, private schools and universities proliferated in the country. Today, citizen-owned and foreign-based private

schools as well as franchised branches of foreign universities, with American, British and French curricula, operate freely in the market of education (Coffman, 2017).

It is worth noting here that competition between government and private educational institutions is not limited although admission to the former is limited to citizens and the latter compete for non-national students. Emirati students are also allowed to join private universities and schools if they so wish. Private schools are generally expensive and some of them are very expensive, making this sector very attractive to private investment from inside and the outside. The market competition introduced into this sector by private entities has helped to improve even the previous mediocre caliber of publicly-provided general and higher education institutions. For example, the United Arab Emirates University (established in 1977), which was previously the only national federal-owned university enjoying a monopoly status, currently faces fierce competition from newly established universities in different Emirates, and thereby driven to improve its standing by seeking international accreditation and reforming its curricula and offerings to compete in the local market of higher education (Coleman, 2017).

The healthcare system has undergone similar changes. Previously most hospitals and healthcare amenities were government-owned and the government provided healthcare freely for all citizens and legal residents alike. A small private health sector in the form of missionary and foreign-owned hospitals, as well as small one-doctor clinics, coexist but overwhelmed by the public-sector healthcare provision. Like the educational sector, the policies of encouraging the expansion of the private sector led to the expansion of this sectors and consequently, hundreds of private foreign-owned hospitals, private clinics and medical centers of all sorts and specializations proliferate. The “free lunch” nature of the previous government-run system encouraged abuse in the form of excess demand (overuse) leading to continuously rising costs of health services. Therefore, the financial component of the public healthcare was privatized to numerous health insurance companies. At present government employees are granted health insurance by their employers with different levels of coverage and finance. Government mandate private companies to finance at least basic healthcare for their employees, again with different levels of coverage and finance (Bouyamourn, 2017).

### *Privatization of Economic Services*

Since the Constitution bestows the tasks of economic development on the Emirate local government, the role of the federal government is confined to the tasks of regulation and providing basic infrastructure in the emirates. Consequently, the federal government legally own very few economic and commercial entities to be targeted for privatization (or macro NMP). No significant macro privatization in economic services took place with the exceptions of electricity and water utilities, public transport, and telecommunications. Even after privatization of electricity and water utilities, the government subsidizes the citizens’ consumption by charging them lower rates than other residents. It is worth noting that, The UAE nationals and affluent residents do not use public transport facilities. Telecommunications services, previously monopolized by a single public company (*Etisalat*), is run now as a public company on commercial bases. To partially break its monopoly, the government in 2006 licensed another private company (DU) to compete in providing mobile phone services (Mansour, 2008). However, the internet and land phones remain exclusively monopolized by *Etisalat*. Recently, the most

notable federal government asset to be privatized is the Federal Electricity and Water Authority (FEWA), which was owned by the UAE Federal Government and used to provide water and electricity to parts some of the Northern Emirates (Haikal, 2006).

Apart from these limited privatizations, most macro-level endeavors in the federal public sector apply the methods of contracting out (seen as synonymous to outsourcing). Many internal government services such as cleaning, procurements, government buildings management, IT technology provision and operation, and other similar services are contracted out. After a major reshuffle of the federal government in 2015, the prime minister declared a new government strategy and promised the presenting of a roadmap to outsource most government services to the private sector. He further added that the UAE “can't lead the future with tools from the past, and we can't accomplish quantum leaps in growth without conceptualizing a new way of governance”. This new way of governance is envisaged along neoliberal NPM thought that buttresses small government. Along these lines, the prime minister promised to form a small government by cutting down the number of ministries (ITP.net, 2016). This intention, if carried out, may disturb the patron-client relationship by downsizing employment in the public sector and mandate the finding of other options to absorb new job seekers.

### **THE MICRO-LEVEL OF THE NPM: THE ESTABLISHMENT OF FREE MARKET AND MARKET CULTURE IN THE UAE PUBLIC SECTOR**

The free market culture and competition is the natural environment for the NPM applications. The market and the market culture is not new to the UAE society; it is an old phenomenon and Dubai has always been the land of merchants and trade (Al-Sayegh,1998). The micro-level of NPM includes the knots and bolts that are mostly market and business-based. These include *inter alia* the use of business management tools, such as total quality management, customer focus, e-government, market-driven policies and above all injecting the public sector with the competitive market culture and business environments in which business tools and methods, and their glorification therein, flourish. The idea is to change public sector employees' mindsets from a bureaucratic to a business-oriented one. Therefore, the establishment of a free market is a prerequisite for the installation of an NPM system. And the UAE government, under the leadership of the visionary prime minister, are enthusiastically involved in efforts to free its market to comply with the requirements of a free market in line with the globalized neoliberal thought and neoclassical economics.

In most cases, the UAE has succeeded to achieve that, and partially certified for this by the pro- market, right-wing conservative Heritage Organization. Using certain pillars to judge the freedom of markets which consist of “the rule of law”, “limited government”, “regulatory efficiency” and “open markets”, Heritage produces an annual “Index of Economic Freedom” ranking all states in term of their overall scores in these pillars. These pillars are decomposed into composite elements; i.e. rule of law (property rights, freedom from corruption); government size (fiscal freedom, government spending); regulatory efficiency (business freedom, labor freedom, monetary freedom); and market openness (trade freedom, investment freedom, financial freedom). The scores of these composite elements are used to gauge the achievement of a country in each pillar. The total of pillars scores is used to produce overall scores utilized to rank countries in the Index of Economic Freedoms. Accordingly, the index classifies countries into five categories per levels of market freedoms in them. These are labeled, “Free”, “Mostly



Free”, “Moderately Free”, “Mostly Unfree” and finally “Repressed”. Table 3 below compares the UAE overall scores in the Index of Economic Freedom with selected high achievers (Hong Kong, Singapore), old established market economies (USA, United Kingdom) and some Middle Eastern and North African countries (MENA) for the period (1996-2016).

**Table 1**  
**Comparison of UAE Overall Scores in the Index of Economic Freedom with Selected High Achievers, Established Market Economies and Some MENA Countries (1996-2016)**

Year (Score) Country	1996 Score	2000 Score	2005 Score	2010 Score	2015 Score	2016 Score
UAE	71.6	74.2	65.2	67.3	72.4	72.6 (25)
Hong Kong	90.5	89.5	89.5	89.7	89.6	88.6 (1)
Singapore	86.5	87.7	88.6	86.1	89.4	87.8 (2)
UK	76.4	77.3	79.2	76.5	75.8	76.4 (10)
USA	76.7	76.4	79.9	78.0	76.2	75.4 (11)
Bahrain	76.4	75.7	71.2	76.3	73.4	74.3 (18)
S. Arabia	68.3	66.5	63.0	64.1	62.1	62.1 (78)
Qatar	NA	62.0	63.5	69.0	70.8	70.7 (34)
Kuwait	66.1	69.7	64.6	67.7	62.5	62.7 (74)
Oman	65.4	64.1	66.5	67.7	66.7	67.1 (52)
Egypt	52.0	51.7	55.8	59.0	55.2	56.0(125)
Jordon	60.8	67.5	66.7	66.1	69.3	68.3 (46)
Israel	62.0	65.5	62.6	67.7	70.5	70.7 (35)

Source: compiled from Heritage at <http://www.heritage.org/index/explore?view=by-region-country-year>

Key: Free (80-100), Mostly Free (70-79.9), Moderately Free (60-69.9), Mostly Unfree (50-59.9), Repressed (0-49.9)

The UAE is always placed comfortably in the “Mostly Free” or the “Moderately Free” categories, surpassed only by Bahrain in the GCC region and the Arab World. The latest Index of Economic Freedoms in 2016 clearly attests to the UAE achievements in establishing a free market. Regarding the pillar of law, measured by “property rights” and “freedom from corruption”, the UAE is considered, in comparison to other middle eastern countries, the least corrupt of all, although important policies and decision are taken by the different emirates rulers families; these practices on the part of emirates rulers usually intend to protect nationals from the vagaries of the free market. Although the index claims, “that the judiciary is not independent, and court rulings are subject to review by the political leadership”, it quickly admits that “the rule of law is generally well maintained” in the country. Regarding the pillar of “limited government”, gauged by “government spending” and “fiscal freedom”, which are both important to the free paly of the market, the index reports that the UAE is mostly a tax-free country and that the overall tax burden accounting for 22.4 percent of the Gross Domestic Product (GDP). On the other hand, the government spends about 28.2 of the country GDP, indicating a relatively small public sector size and moderately limited government. The UAE vast oil revenues enable it to run surplus budgets and keep its public debt below 15 percent of the GDP (Index of Economic Freedom, 2016).

Contemplating on the pillar of Regulatory Efficiency, judged by the elements of “business”, labor” and “monetary” freedoms, the Index of Economic Freedom, (2016) observes the improvement in the efficiency of business regulatory policies stating that:

There is no minimum capital requirement for establishing a business, and licensing requirements have been streamlined. Labor regulations are relatively flexible, and the non-salary cost of employing a worker is moderate. The UAE cut energy subsidies in 2015, but commercial airlines in the U.S. and Europe have charged that there are “obvious and massive” state subsidies to Emirates and Etihad airlines

These massive state subsidies to state-owned airlines (i.e. Emirates Airline owned by Dubai and Etihad Airline Owned by Abu Dhabi) are dictated by the realities of the country’s political legitimacy, based on the complex patron-client networks, to guard the interests of its citizens. Regarding the pillar of “Open Market”, the Index notes that the UAE market is open with no trade barriers. With an average tariff rate of only 3.6 percent and 49 percent foreign-own businesses, the country is found to be relatively open and a fertile land for private and foreign investments. In all scores, the lowest scores obtained by the UAE are those found in the elements of “investment” and “property rights”. This low performance is explainable by the political elite intentions to safeguard the interest of its citizens even if this constitutes a breach of the market free play. Notwithstanding these minor flaws, a free market is established and market ethos and cultures pervade, not only in business sectors but also crept into public sector echelons creating a market-oriented bureaucratic mindset. These achievements qualify the UAE to join the neoliberal World Trade Organization (WTO) as a constituent member on April 10, 1996.

### ***The Introduction of Market and NPM Cultures to the Federal Government***

Currently, the language of the free market and the NPM is in high vogue in UAE private and public sector environments. Concepts such as TQM, “excellence”, “customer focus”, “employee empowerment”, “entrepreneurship”, “leadership”, “outsourcing and contracting out” and “transfer and exchange of the best practices” have become regular terms in government circles. Attempts to import knots and bolts “from regionally and internationally renowned institutions to ensure the ongoing development of the excellence concept at the governmental sector through benchmarking tools” led to a flood of NPM and governance experts from the USA and other European countries. Several public-sector awards, such as *Khalifa Award* and Mohammed Bin Rashid Government Excellence Awards (23 categories), are designed to facilitate competition for excellence among governments’ entities. Mystery shopper and customer satisfaction surveys, employees’ satisfaction surveys, are common tools for measuring performance.

### ***The Micro-Level NPM Tools in the Public Sector***

The diffusion and injection of market culture and the NPM’s guidelines for desired employees’ behavior is evident in a manual published by the UAE Federal Authority for Government Human Resources, entitled “Behavioral Competency Framework”. The manual describes its objectives succinctly in the following words:

This document will serve as a guideline in determining the desired behavior, knowledge, skills, and abilities for the UAE Federal Government employees. By using these competencies, UAE federal entities will be better placed to clarify performance expectations, define future development needs, and perform reliable recruitment and development planning. These competencies can be measured for all employees by using the Employee Performance Management System.

The manual classifies targeted behavioral competencies in four clusters that include (1) core competencies, (2) job family competencies, (3) technical / professional competencies, and (4) leadership competencies. Most interesting is that the manual emphasizes core and leadership competencies. The former includes the following behavioral competencies with clear business management overtones. “Delivery Focus”, “Accountability”, “Resource Management”, “Result Orientation”, “Customer Focus”, “People Focus”, “Effective Communication & Influencing”, and “Teamwork / Networking”. These competencies are subjects of intensive training programs mostly offered by foreign consultants and organizations. They are also used as yardsticks to evaluate employees’ performance. But experience shows that it is difficult to uproot entrenched bureaucratic mindsets overnight especially when stringent organizational rules punish harshly for mistakes, thereby suppressing innovation.

### ***The Use of TQM and Rational Budgeting***

Currently, in most efforts of the federal government to reform its administrative system, the micro aspects of the NPM approach underpin these efforts; i.e. the use of business management tools and concepts. The most salient innovation here is the embracing of TQM percepts with over emphasis on customer specifications and satisfaction. Every government ministry and departments have now a written “vision” and a “mission”, elegantly decorating the inside walls, emphasizing customer focus and satisfaction. Every ministry and department have a prominent customer service and public relation

department to help customers get their transactions smoothly done. Surveys to evaluate government administrations performance and quality of service are abound. Sometimes, even offices layouts are arranged in close resemblance to private sector layouts (Al Ali, 2012).

To facilitate government employees' accountability and streamline the federal government limited financial resources, zero-based budgeting techniques has replaced the traditional incremental line-item budgeting. But bureaucrats' incremental-line-item-budgeting mindsets continued to influence budget estimations by behaving incrementally when estimating their departments' requirement, to safeguard their last year budgetary base, and then filling the zero-based programmatic forms. This led the council of ministers in many times to impose ceilings on budgetary allocations. Moreover, budget allocations are tied to a set of key performance indicators (KPI) used to review and audit government entities performance and service delivery. This worked to transform the government accounting system from traditional legitimacy-of-expenditure approaches to program and performance evaluation (Gulf News, 2017).

### *E-government*

Another major innovation in the federal government is the extended use of electronic government, or e-government, to facilitate prompt delivery of services to the population, private sectors, and foreign investors. The UAE e-government is among the best e-government systems in the region and the Arab World. Within the GCC and Arab countries it is considered second best only superseded by Bahrain (Mansour, 2012). Table 4 below shows the UAE world ranks and scores in UN E-government annual reports compared to top achievers in e-government. Today every federal government ministry has developed a well-designed website which provides and deliver almost all government services to its customers. The fact that the UN E-government Index includes only the national (federal government), which is not as well-established as Dubai Emirate's E-government, explains the national e-government fluctuating ranks. Dubai has one of the most developed E-governments in the world. However, a close look at the UAE scores, (Dubai not included) compared to scores achieved by top countries, indicates clearly that the federal E-government system is steadily developing. As table 4 shows, the ranks are stable in the last three years (2012-2016) because these are the years which witnessed the heated drive for reform to streamline government operations and procedures to attract foreign investment, and enhance competitiveness in the global market and to counteract the devastating impacts of the 2008 international financial crises.

**Table 2**  
**UN E-Government Readiness Ranking for UAE and Top Country**

Year	UAE World Rank	UAE Overall Score	Top Country	No. of Countries
2003	38	0.5345	USA (0.927)	193

2004	60	0.4736	USA (0.9132)	193
2005	42	0.5718	USA (0.9062)	193
2008	32	0.6301	Sweden (0.9157)	193
2010	49	0.5349	S. Korea (0.8785)	193
2012	28	0.7344	S. Korea (0.9283)	193
2014	32	0.7136	S. Korea (0.9462)	193
2016	29	0.7515	UK (0.9193)	193

Source: UN E-government reports 2002-2016

Currently, every federal government ministry has a highly-developed website which provides and deliver almost all government services to its customers online: individuals, government, and business. The government moved now from desktop and laptops interfaces to embrace mobile government (M-government) to provide some government services through smartphones. To facilitate and encourage citizens' e-participation, the government provides high-quality internet services at homes, businesses, and all government institutions. Almost every home has full internet services as well as access to international TV channels. Government officials use TWITTER and Facebook and the social communication media to promulgate government policies and address citizens' concerns; a development Sanad (2015) describes as a journey from the tribe to the Facebook. E- Participation, or the use of E-government by the UAE citizens and residents, was not impressive at the turn of this century as shown in Table 5 below. It is clear from the table that E-participation in the years 2003 to 2010 was not impressive at all. This fact is explainable by the then underdeveloped nature of the UAE E-government, the sparse proliferation of computer ownership among the people who are accustomed to direct contacts with the government to get services. Mansour, (2012) explains the low rates of E-participation by semantic factors; i.e. the use of English on the Internet. In the last three years (2012-2013), E-participation ranks high; in fact, the UAE miss the ten-top list by only one rank in 2012 and by three ranks in 2014. (Al-Khouri, 2012; Mansour, A. 2012)

**Table 3**  
**UN E-Participation Index for UAE**  
**And Top Countries (2002-2012)**

Year	UAE World Rank	UAE Overall Score	Top Country	No. of Countries
2003	53	0.1724	UK (1.000)	193
2004	84	0.0492	UK (1.000)	193
2005	63	0.1270	UK (1.000)	193
2008	41	0.2955	USA (1.000)	193
2010	86	0.1286	S. Korea (1.000)	193
2012	11	0.7368	Netherland (1.000)	193
2014	13	0.8431	Netherland (1.000)	193
2016	32	0.7458	UK (1.000)	193

Source: UN E-government reports

### ***Market-Driven Policies***

Governments may use market mechanisms to influence or direct people behavior to desired patterns or to rationalize their use of scarce resources. Market-driven policies utilize the logic of supply and demand which rationalizes the exchange between suppliers and demanders in conventional goods markets (Kraft and Furlong, 2013; Weimer and Vining, 1999). Hence the market model can be applied to government services. For instance, the flow of students or patients into educational or healthcare systems may be seen in term of limited supply of school vacancies or hospital beds. The problem with this sort of market-driven policies is that the market model here lacks the flexibility of ordinary goods and services markets since there is no way to lower or raise prices of government services in accordance with changes in levels of supply and demand for government services as in the case with the traditional markets (Bardach, 2005). However, these market-oriented service delivery systems proved to be useful in many cases and prevent the abuse or overuse of government services by citizens or oversupply of them by bureaucracy. But since societies are complex adaptive systems, people find ways to dilute and modify the market model intended impacts by favoritism

and kingship or even client- patron relations, in countries with well-established tribal legacies.

Market driven policies to influence behavior and to rationalize the use of resources abound in the UAE. This is largely done through creating unconventional *markets* through a price system. These include markets for the use of congested roads, speed on city roads and highways, parking lots in the city and airports, public parks in city centers and many others. In the delivery of some services, different prices are charged for quick (VIP) services and normal ones. Previously traditional free government services are now provided for a price or fee to cover their costs. All uninsured persons seeking health care are supposed to pay the whole costs of medical services. All insured patients are now obliged to pay AD 50 (\$14) when visiting a doctor in private or government facilities and to pay whole or part of the costs of all medical tests and medicines, depending on the level of insurance coverage. These practices are equally applicable to government hospitals as well as private ones. However, other social services such as education and subsidies to basic food necessities continue to be provided for free for all nationals despite the WTO imperative and requirements (Bouyamourn, 2017).

## CONCLUSIONS

In this conclusion, the paper attempts to address briefly the question raised in this paper title: has the United Arab Emirates Federal Government Succeeded to Transform its Federal Bureaucracy into A New Public Management System? Since the approach of the NPM has no specific agreed upon forms and different version of it abound, the paper seeks to develop a framework to analyze the experience of administrative reform. The paper integrates the different the varied concepts of the NPM approach in a framework of analysis by decomposing the NPM into two levels: the macro and the micro levels. Whereas the macro-level discusses the UAE ventures to restructure the whole administrative system through the policies of privatization, private-public partnerships, and outsourcing, the Micro-level uses business management tools to privatize public sector internal public management operations.

To show the uniqueness of the UAE administrative reform experience, the paper discusses at length the tribal legacy that existed before the establishment of modern state institutions and has exerted considerable influence on the structure of the federal government and its public sector. Therefore, the UAE federal government has cautiously employed the two levels to reform its administrative system putting more emphasis on the micro level for fear of disrupting the patron-client relationship that characterized the tribal legacy and underpinned the legitimacy of the political system. Some macro-level aspects like privatizing may lead to massive unemployment, especially the UAE graduates prefer public sector employment rather than the private sector thereto. Employment is one of the benefits that the government distributes to nationals as an essential policy to maintain the patron-client relationship between rulers and citizens and helps sustain stability and welfare of citizens.

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The evolution of the UAE bureaucratic system, with its informal patron-client system to embrace the NPM's ethos and concepts, was so quick. It took Europe more than a century to partially drop out of the Weberian bureaucracy, however, the UAE has jumped into the front yard of the NPM and other modern management concepts after only four decades from its establishment. Although the term NPM is very seldom used by public official yet most of the current modern management concepts and tools used in the UAE public sector are found in some way or another in the vast edifice of the NPM and new public governance. Thus, management tools such as total quality management, governance, zero-based budgeting, competitiveness, and privatization, and e-government are in high vogue in government circles, conferences, and UAE academic institutions. The transformation along NPM and new governance lines are in fact dictated by economic imperatives and leadership ambitious visions. It is interesting to note here that the patron-client relationship continued to coexist even with these modern concepts.

The UAE economy has been partially transformed into a free market economy and the market culture dominates to pave the way for the adoption of the ethos of the market-oriented new public management (NPM). The transformation of the administrative system, though profound, produce a unique and successful system of public management in which modern NPM culture coexisted with the legacy of the inherited tribal system. Nevertheless, this coexistence of the two concepts, though harmonious in many cases, hinders the complete transformation of the administrative system and the economy. This is because of pressures on the government to employ its nationals in the public sector, leading to problems of overstaffing in that sector. The UAE government also avoids all policies that disturb the ruled-ruler relationship such as massive privatization, public-private partnerships, outsourcing, and contracting out that may impact the provision of social and economic services provided for free to nationals. This partly explains citizen-oriented investment and property rights policies.

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