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**The Role of Leadership, Institutions, Program Design and Policy
Windows in Explaining Policy Success and Failures at the Dawn of
the NPM era: A comparative study of efficiency strategies in Britain,
Denmark and Norway.**

First draft.

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Abstract

The Efficiency scrutinies program was among the very first initiated by Margaret Thatcher when she took office as prime minister in the UK in 1979. The program represented a new strategy to improve performance in the public sector. A fairly large number of scrutinies were carried out over the next few years and impressive results followed. To say that this program set in motion a process that eventually revolutionized the whole Civil Service system is no exaggeration. At approximately the same time efficiency programs with similar objectives were launched in Denmark and Norway. Contrary to the UK experience the Scandinavian programs were fairly clear cut failures. The purpose of this paper is to account for these divergent reform experiences

and in particular to explain the British success case. Here, it is suggested that the fortuitous confluence of favourable enabling and precipitating factors, including unusual entrepreneurial political leadership, provide the best answer. A systematic comparison with Denmark and Norway is the methodological device used to distil the crucial explanatory factors.

1. Introduction.

By the mid 1990's Britain was considered the undisputed leader in Western Europe in having initiated and carried through large scale reforms in the public sector since 1980 and ranked second only to New Zealand in a global perspective (Naschold, 1996:23). The precipitating events to this more recent reform era, nowadays commonly referred to as New Public Management (NPM), manifested themselves somewhat earlier in Britain than New Zealand. Thus, the claim that Britain was the cradle of the NPM movement seems quite plausible.

Before 1980 things were quite different. Britain was a *laggard*, not a leader in terms of public sector reforms. Obstacles to substantially changing well established institutions and practices were considered almost insuperable. (Chapman and Greenway, 1980; Garrett, 1980; Plowden, 1980b; Ponting, 1986). This pessimistic assessment of the British Civil Service was probably quite accurate given the dismal track records of previous reform efforts. How, then, can we explain Britain's transition from laggard to leader in public sector reforms within this relatively short time period? This is the main research question this article tries to answer.

In order to answer that big question we have to go back to the beginning of this new reform period in Britain and identify the crucial events and circumstances that both enabled and triggered the dramatic policy shift that took place. Thus, we have to focus on the Thatcher headed government that came to power in 1979 with a very ambitious public sector reform program and a particular strategy and plan for how to make things happen. This *efficiency strategy* as it was called materialized in an efficiency programme called *efficiency scrutinies*. The aim of this new program was both modest and ambitious at the same time: to initiate small scale change on a short term basis that subsequently would lead to large scale organizational changes. There is no doubt that the efficiency scrutinies largely worked as intended. Thus, the fate of this particular program contains many of the vital clues to understanding Britain's transition from *laggard* to *leader* in terms of public sector reforms. Furthermore, many of the proposals for subsequent radical reforms – like the Next Steps programme and the creation of a new system of sub-ministerial agencies – were devised and launched by the staff of the same program. This is our primary motivation for focusing on the efficiency scrutinies. A closer look at this program is in many ways also an investigation of the genesis of the public sector reform movement we have witnessed the last 2-3 decades.

2. Theoretical framework: The Policy Streams Approach.

Our analytical framework reflects our commitment to a pluralistic theoretical approach. That is, we do not believe there is any single factor that should have analytical supremacy with respect to radical policy change, not even leadership. Like many scholars of the neo-institutional persuasion we strongly believe that different ways of organizing policy programs and the institutional and constitutional context in which this takes place make a big difference.

But there is one major drawback with this theoretical approach in our context, namely the fact that it is much better at explaining policy continuity than discontinuity (Hall and Taylor, 1996). Even when we are reminded of the *two faces of institutions*, not just their *constraining*, but also their *enabling* impact on human behaviour this approach by itself does not explain how that enabling potential is realized. This is where *human agency* in the form of *leadership*, *strategies*, *policy entrepreneurship* play crucial roles. But we must also recognize that human agency itself is both inhibited and facilitated by the institutional and situational context. That is, the precipitating influence of leadership, strategies and entrepreneurship with respect to radical policy change is to a large extent contingent on and even shaped by enabling conditions and institutional arrangements.

It is the *confluence* of strategically located and dedicated *policy entrepreneurs*, enabling constitutional and institutional structures at some critical juncture defined by a favourable configuration of other enabling conditions and events that offer the best explanation of radical policy change. Such beneficial configurations of facilitating conditions and events are often referred to as *windows of opportunity* or *policy windows* (Kingdom, 1984: xx). These policy windows are usually difficult to anticipate and may not stay open for long. Nevertheless, when they occur, they must be recognized and capitalized on by policy entrepreneurs and leaders who then need to be well prepared by having strategies and policy programs worked out and ready to be launched without much delay.

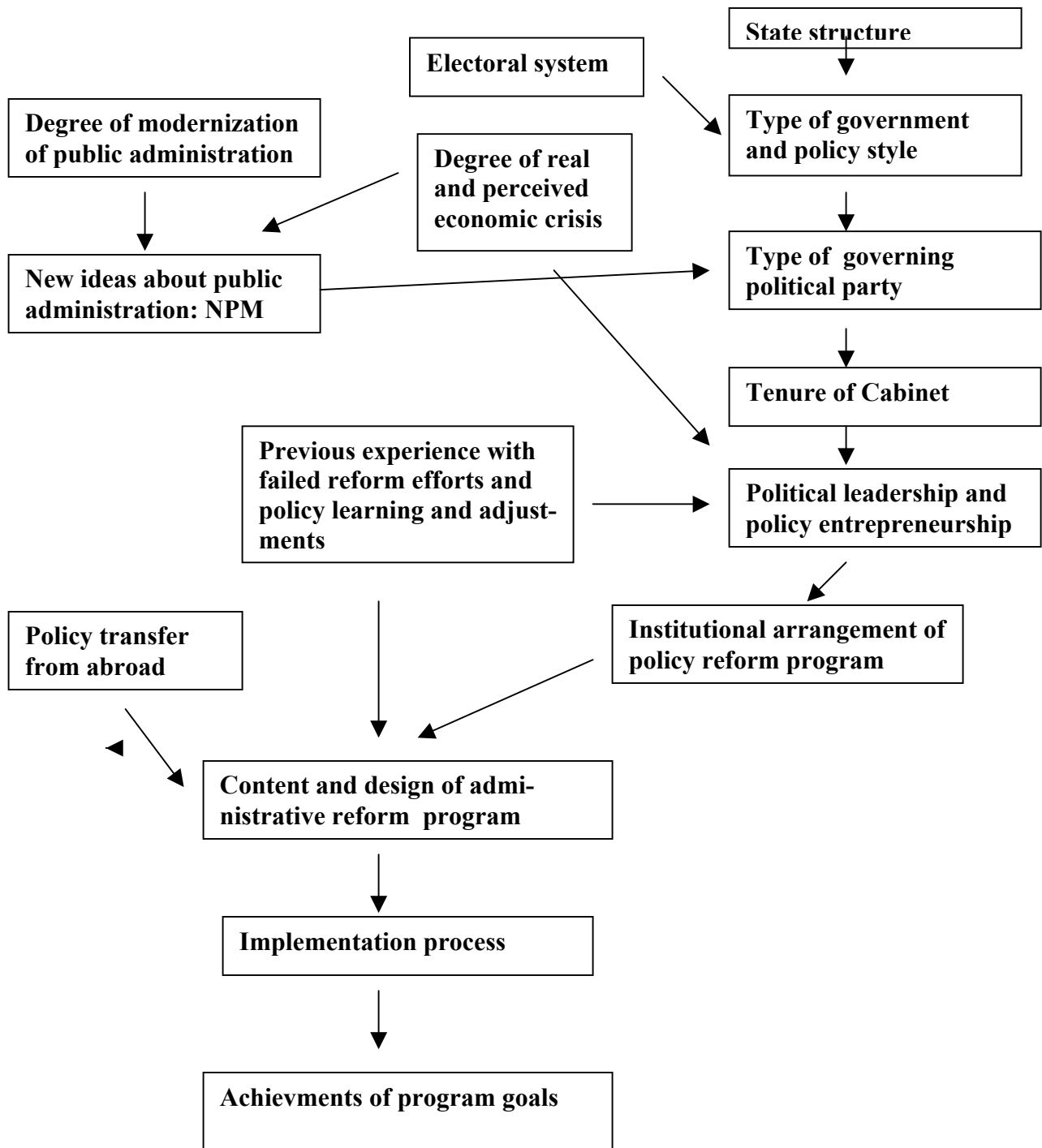
All this clearly suggest how difficult and demanding formulation and implementation of radical policy change is. A favourable combination of all enabling and precipitating factors may be quite unlikely, and when they do occur the policy window may close unexpectedly and abort the policy-making process. This, of course, is also the reason why major policy shifts are the exception and not the rule. The argument here may seem to be in favour of an actor-centred institutionalism and it is. But it should also, hopefully, be clear that we are quite sceptical to assumptions about institutional actors imbued with some omnipotent rationality. Actors exhibiting qualities in this direction and succeeding in pursuing them should be rare indeed, but then again we may also be dealing with a quite exceptional case in this study. When those rare events happen they are usually the fortuitous confluence of several enabling and precipitating factors as outlined above.

This line of reasoning about policy making processes originated in some innovative studies of organizational decision-making processes in the 1970's that resulted in the so called *garbage can model* (Cohen, March and Olsen, 1972; March and Olsen, 1976). Policy scholars saw the potential for this type of explanation applied to decision-making on even higher levels and called it the *policy streams* approach (Kingdom, 1984; Sabatier, 1999; Zahariadis, 1999). From the 1990's it has been recognized as one of a handful contending, promising policy theories, especially with respect to explain radical policy change (Aberbach and Christensen; John, 1998; Keeler, 1993; Lieberman, 2002; Wilsford, 1994). Kingdom's policy streams approach focused more on the interplay between policy entrepreneurs and more or less random events in their environment than the impact of more stable institutional features in this context. A further self-imposed limitation was to focus only on the early stages of the policy process at the expense of subsequent policy stages. The application of the policy streams approach in this study, as should be evident from what has been said above, takes as it point of departure the dynamic interplay

between *human agency, institutions* and almost *random events*. Furthermore, contrary to Kingdom (1984) and even Zahariadis (1999) we see no reason to limit this theoretical framework only to the early stages of the policy process. In fact we extend it through all policy stages from agenda setting through policy implementation, evaluation, and termination. In the British case we even look at two related policy cycles and the degree of policy learning and corrections from one to another as a potential clue to policy success.

In figure 1 we have elaborated our analytical framework into the formulation of a *theoretical model* that we think goes a long way in explaining the remarkable policy shift in Britain from 1980. The more detailed explication of key concepts in this model, their presumed empirical implications in our cases and the observed patterns with respect to our dependent variable – policy performance – is presented together in section 7 towards the end of the paper to save space and avoid repetitions.

Figure 1 Theoretical model



3. Why cross-national comparison?

To sort out and determine the relative influence of so many different factors in a single case like Britain is very difficult as in any single case study because this research design is *over-determined* with way too many potential rival explanations relative to the dependent variable (King et al. 1994; Goggin, 1986). This is the main reason why we are doing a cross-national comparative study premised on the classical ‘most-similar systems design’ (Ragin. 1989). We were fortunate here in the sense that two reasonably similar countries – Denmark and Norway - were launching a similar policy program with the same objectives at approximately the same time as Britain, but with quite different results. There were also significant differences with respect to many independent variable of assumed theoretical importance as suggested above. Thus, the research design usually considered to be optimal in answering our research questions could be applied in our study. Lipset (1991:xiii) has succinctly formulated the advantages of this research design: “.. the more similar the units being compared the more possible it should be to isolate the factors responsible for differences between them”. Another secondary, but not insignificant motivation behind cross-national research design is the fact that there seems to a paucity of ‘genuinely, comparative, multi-countries studies’ in this field of investigation according to some of its most seasoned scholars (Pollit and Bouckaert, 2000:1).

4. Data sources and methodology.

The two Sandinavian case-studies are based on *primary* data in each country collected by the author as part of a comparative research project carried out in the early 1990’s and financed by the Norwegian Research Council. A Danish and Norwegian research assistant did much of the field work of collecting and analysing written documents of all kinds in relevant institutions and interviewing program staff and some other key civil servants. Their reports were written as master theses and published as project report (Hartmann, 1995; Smith, 1996).

The British case-study is written based on a multitude of *secondary* data. That is, we are relying on data material collected and analyzed by others in our description and interpretation of main events. Some of these accounts have been written by insiders who were part of the efficiency scrutinies program staff or situated very close to the Efficiency Unit (Bray, 1987; Holland,1991, Jenkins et al. 1985; Rayner,1983). An invaluable source in this respect has been the quite detailed and thorough description and interpretation by Metcalfe and Richards (1987/1992) written while this program was still operating. Metcalfe was an academic and professor in public management while Richards was a director of the Office of Public Management. In addition there is a rich scholarly literature that has also focused on what happened during the formative period of public sector reform in Britain. The convergence of descriptions and interpretations in these various accounts about key events from different sources suggest to this author that they are generally reliable and trustworthy.

Last, but not least importantly, it should be noted that our dependent variable - policy success and failure - here refers to outputs and outcomes of the particular programs studied relative to their stated program and policy goals. That is, we are evaluating the merit of these programs strictly in *instrumental* terms and *not* from a *normative* point of view. The latter would imply an evaluation of the merit of policy and program goals themselves

4. The UK case.

4.1. Background

The efficiency scrutinies program must be seen in the context of a legacy of poor and worsening macroeconomic performance of the UK compared to other OECD countries and previous efforts at reforms (Saunders, 1985; Hood, 1996). The British civil service had been exposed to several reform efforts in the wake of recommendations from the Plowden Committee (1961) and the Fulton Committee (1968). Many of these recommendations were adopted by subsequent Labour and Conservative Party Governments but they proved difficult to implement. The creation of the *Civil Service Department* was announced on the same day as the Fulton Report was published, and implemented within a few months. *The Central Policy Review Staff* (CPRS) was established in 1970-71 as an instrument to promote strategic management thinking. It introduced among other things *Management by Objectives* (MBO) and the ambitious *Program Analysis and Review* (PAR).

PAR was originally intended to parallel and be closely geared to the annual Public Expenditure Survey Committee (PESC) instituted in 1961. PESC represented a procedure to ensure that ‘decisions involving substantial future expenditure should always be taken in the light of public expenditure as a whole’ (Plowden, 1980: 184). The focus was primarily on the totality of public spending and less on how individual programs contributed to this aggregate result. The latter was the main purpose of PAR. A seasoned and well positioned observer described PAR as follows:

“Each year a dozen or so major departmental spending programmes were to be selected by a committee of Ministers, advised by departments, the Treasury and the CPRS. and These programmes, their use of resources and their administration were to be analysed and reviewed in detail, by the departments concerned with advice from Treasury, CPRS and perhaps other departments. The results of the review, with any recommendations for change were to be considered by the appropriate committee of the Cabinet, once again briefed by Treasury and the CPRS. These ministerial deliberations were to be completed in time for their outcome to be fed into the correct stage of the PESC cycle, and to influence the next round of decisions about the allocation of resources within and between programmes.” (Plowden, 1980a:186).

PAR and its team of advisors seconded from the private sector, who helped design the program, were initially located in the recently established *Civil Service Department* and later in the *Treasury*. Two features are worth mentioning about PAR. First, it was deliberately *selective* in reviewing only a limited number of programs and then usually major spending programs in

which the Cabinet was particularly interested. In other words, there was no effort at massive accumulation of programme data in general which characterised the failed Public Program Budgetary System (PPBP) system in the US. Second, the method of investigation was *eclectic* as there was no single approved way of how to carry out reviews.

The number of program reviews conducted annually was on the level envisioned initially but the quality of the reports was variable and generally less than expected. It also proved difficult to keep review investigations on strict timetables thus precluding their planned integration into the PESC cycle. Finally, the selection of topics for program reviews seem to have become quite politicized as many program opponents used skilful arguments in an effort to avoid proposed program reviews (Plowden, 1980a:187).

To sum up: despite considerable efforts and resources spent on these reform efforts they were relatively short-lived. The role of CPRS declined steadily through the 1970's and was abolished in 1983 two years after the *Civil Service Department* ceased to exist. The PAR system was already in decline by 1975 and eventually terminated in 1979 (Holland, 1991). The main reasons offered for these failed reform efforts range from *lack of interest* and *support* from ministers and top civil servants to the *technical difficulties* and *lack of guidance, advice* and *incentives* with respect to performing the program reviews.

4.2 The Efficiency Scrutiny Program

Some learning with respect to the fate of previous reform initiatives had obviously occurred when Margaret Thatcher took charge of the government as we shall see below. One of the first things she did was to appoint Derek Rayner – a joint managing director of Marks and Spenser - as her personal efficiency advisor. He was no stranger to the public sector as he had served as an advisor to Prime Minister Edward Heath in 1969-70 and also held a senior executive position in the Ministry of Defence. Rayner's role was to formulate a new strategy for implementing Thatcher's radical reform program. The reform program's main goals were to improve the efficiency and effectiveness of the civil service through (1) severe manpower cuts, (2) substantial reduction public expenditure, and (3) privatize many traditional public sector enterprises. Efficiency scrutinies were an important part of this reform program. Rayner wasted little time in establishing a separate small organizational unit - *the Efficiency Unit* - headed by him self and staffed with half-a-dozen non-generalist and full-time civil servants located at the apex of the political system in the Prime Minister's Office.

Throughout its existence this office had direct access to the Prime Minister and enjoyed her strong personal interest in and support for its work. Rayner was succeeded in 1983 by another top executive from the private sector - Robin Ibbs. Like Rayner, Ibbs had also prior relevant experience in the civil service as head of the Central Policy Review Staff between 1980 and 1982. The speed with which Rayner began to act showed the extent to which the detail of his strategy had been long prepared in advance (Bray 1987).

Derek Rayner proposed a two-pronged efficiency strategy described as follows:

“The first element was to set up numerous small-scale enquiries or scrutinies aimed at identifying areas of waste, inefficiency and duplication. The scrutinies were designed to produce identifiable benefits in the form of resource savings in the short term and thereby demonstrate that there were deficiencies in the management of the civil service. The second part of the strategy was to build upon the evidence from the scrutinies to promote ‘lasting reforms’ which would bring about more permanent changes in structures, personnel policies, procedures and deeply ingrained attitudes and beliefs within the civil service.” (Holland 1991:5)

Scrutinies were *not* carried out by the small staff of the Efficiency Unit, but rather by teams of ‘scrutineers’ recruited from and by civil servants in the affected ministries. These scrutineers were often junior civil servants who were not only young and energetic but also ambitious and bright (Bray, 1987). Thus they were probably more easily persuaded to ask radical questions and see new solutions to old problems. The choice of topics for scrutinies was also left for the ministries and their minister’s to decide on after having consulted the Efficiency Unit on their choice. Ideally, a scrutiny would examine a specific policy or program activity questioning all aspects of the work normally taken for granted. Next, it would propose solutions to any problem and make recommendations to achieve savings and increase efficiency and effectiveness. Finally, implementation of agreed upon solutions would start within 12 months after the scrutiny commenced. Scrutinies were subjected to a tight time schedule and usually expected to be finished within 90 working days.

The conclusions reached at the end of investigations were also left for the scrutineers to formulate. The procedures and methods for how the scrutinies were to be done were, however, clearly and carefully spelled out in some detail by the Efficiency Unit. The same was the case with respect to the reports structure and content. In this respect Rayner and his associates offered more than merely advice as there was an uncompromising insistence on these guidelines to be followed in every scrutiny investigation (Bray 1987). Scrutiny reports required the agreement from the Efficiency Unit. Once that was achieved, which was usually the case, the report would then go to the Minister and the top civil servant in the ministry awaiting the former’s decision on which recommendations to accept

The Efficiency Unit defined its task primarily as *advisory* and *supportive*. It saw its role as a catalyst in prompting ministries to carry out scrutinies, provide guidance and even material resources when needed. It also checked on the progress of scrutinies relative to stipulated time schedules. But Rayner and Ibbs realized that implementation was the ‘Achilles Heel’ of the scrutiny reports. Therefore, they spent a great deal of their time to ensure that reports were acted upon. And in the later years of the program they even put pressure on ministries to appoint an ‘action manager’ who was to be personally responsible for seeing that approved recommendations from each scrutiny were implemented as swiftly as possible (Bray 1987).

This particular program design with respect to the efficiency scrutinies chosen by Rayner reflected his belief and experience that reform, to a large extent had to be an *internal* process. Large-scale reform could not be imposed from outside. It required the mobilization of support from *inside* the system. Only by winning the support of those involved in actually implementing

the change would lasting reforms be accomplished. However, the 1970's had demonstrated clearly that ministries could not be trusted to embark on the reform process without some central guidance and coordination. This was achieved by the unique position of the Efficiency Unit in the machinery of central government as well as the two policy entrepreneurs (the Prime Minister and her personal advisor) who were strongly committed to and supportive of its cause.

4.3. Program implementation

Implementation of the efficiency scrutines

In 1985 the Efficiency Unit reported that some 300 scrutines had been carried out during the period from 1979 to the end of 1984. These scrutines had identified potential savings of £600 million a year. Close to 50% of these savings were in the process of being fully implemented by the financial year of 1984-85 while 13% more were expected to be implemented later. Another 14% was still being considered by relevant ministries. Only 24% of the estimated savings were considered unobtainable or directly rejected by ministries (Holland, 1991:12). The costs of carrying out the scrutines were estimated at about £ 5 million.

Despite these impressive figures in terms of number of scrutines performed and implemented recommendations there were also problems as some of the quoted figures suggest. The Efficiency Unit complained of the ministries tendency to delay the implementation of accepted recommendations. There was still (in 1985) evidence of hostile senior civil servants especially among some of those involved in the implementation process (Holland, 1991).

The efficiency strategy and 'lasting reforms'

What happened with respect to the second part of Rayners efficiency strategy regarding 'lasting reforms' which the efficiency strategies were supposed to lead up to and trigger off. Even evaluated against this more demanding goal the efficiency scrutiny must be said to have been quite instrumental. It played an important part in initiating and developing new management techniques and procedures in central government like e.g. the *Financial Management Initiative* in 1982 and the later MINIS system. But most importantly in this respect was a scrutiny report from the Efficiency Unit in 1988 titled 'Improving Management in Government: the Next Steps.' The report and its recommendations resulted in the most comprehensive and radical structural reform of the whole central government apparatus under the *Next Steps* programme label, namely the hiving off of substantial amounts of work and responsibilities in ministries that were transferred to a significant number of new sub-ministerial *agencies*.

5. The Danish case.

5.1. Background.

Denmark introduced its efficiency review program already in 1974. Thus, it was the forerunner of the British efficiency scrutiny program – *the Programme Analysis and Review Program (PAR)* – on which the Danish program was modelled to some extent. Those who proposed it had studied the British program at an early stage in the early 1970's and drew inspiration from its purpose, design and organization (Smith, 1996). The adoption of the Danish program also coincides with the general perception of an economic crisis among the political establishment in Denmark at that time (Pedersen and Læg Reid, 1994:252). Cutting the costs of public expenditures came to be seen as the best strategy to deal with the perceived economic crisis and the efficiency review program was the first among several other cost cutting initiatives to come.

5.2. The Danish efficiency review program: *Turnusgjennomganger*.

The adopted and adapted equivalent of the PAR program was called *turnusgjennomganger* in Danish. The first part of that concept *turnus* denotes a *fixed sequence* or *periodic rotation* of something and *gjennomganger* means reviews. The basic idea here was more ambitious than in the British program. Not only did they want to institute critical program evaluation on a permanent basis. In addition, the program reviews were meant to be *quite comprehensive* by covering all major parts of the central public administration within a relatively short time period of four years. A crucial part in the Danish program was the fact that there was supposed to be a strong element of *inevitability* and *inescapability* about the manner in which the efficiency reviews rotated between four broad program areas in a fixed sequence. The idea here was that once this turnus principle and procedure was accepted and instituted it would protect proposed reviews from the delay and escape tactics from affected parts of the public administration witnessed in the PAR program.

A separate office named after the program – *the turnus office* - and located in the administrative division of the Ministry of Finance was established to manage its operation. In addition, a group of senior civil servants from this division, the budget division in the same ministry as well as from the prime ministers office was appointed to collectively supervise and support the turnus office in implementing its mission. The office was staffed with four lower ranking civil servants, one of whom was its leader.

The fate of the Danish program over the next 20 years can roughly be divided into four periods each characterized by its own distinctive features alluded to below by the labels we have attached to each of these.

5.3. Program implementation

1974-1982: Confrontation and experimentation

Towards the end of this period 16 program reviews had been carried out. Several things are noteworthy of this first period of efficiency reviews. Foremost among these is the fact that the intended planned and fixed sequence of program reviews was never faithfully adhered to in practice. Secondly, the trend with respect to programs over time was away from projects aimed at cost cutting and increasingly towards those focusing on more general administrative issues and organizational change. Hence, review projects took substantially longer time to complete than initially estimated. This again impacted adversely on the initiation of new program reviews that were also considerably delayed. Though the selection of some program reviews were guided by the turnus principle its rationale and suitability was seriously questioned by the staff in the turnus office from the very beginning of this period. In other words considerable ambivalence towards some of the core ideas on which the program was founded was evident already in this first period.

Planning of individual program reviews were organized by the turnus office according to project management ideas as work groups with participation from affected ministries and agencies. Gradually, however, more and more of this work was carried out by the office staff alone. The main reason for this was their experience that the more affected groups participated in the planning of project reviews the more watered out would be both the proposed projects that the workgroup could agree on and the reform measures that subsequently could be implemented. Regardless of how the planning and preparation of review projects were organized they were met with great resistance where they were carried out and their concluding recommendations with respect to improvements were often not accepted. The office itself characterized its relationship to affected parties as *confrontational*.

Different strategies were pursued to improve the performance of the program reviews. Sometimes the turnus office would inform the media of its work and proposed recommendations relative to some parts of the civil service in order to create some external pressure towards organizational change. Other times the office might try to involve its appointed supervising body of senior civil servants more strongly and directly in specific cases. None of these strategies proved very helpful. The latter supervising body never worked as intended. Its activity was mostly related to the choice of relevant program areas that should be reviewed and initiation of specific projects. It was much less involved in carrying out and following up of these program reviews. The idea of creating a separate governing body with a special mandate to supervise the following up of program reviews and their recommendations was discussed in this period, but never realized.

An evaluation of the first 8 years of program reviews was done by the office staff in 1982. Their main conclusion was that results so far were quite modest. The lack of substantial results was characterized as a liability to the general credibility of the office. Both terminating the program as well as reorganizing it was considered as part of the internal evaluation without any clear

conclusion or recommendation. The most concrete proposal in this respect was to try to involve the supervising body more than had been possible so far.

1983-1987: Consultant orientation

A new non-socialist government came to power in 1982 and presented its *modernization program* for the public sector in 1983. The main objective of this program was the same as the one that motivated the adoption of the efficiency reviews program, namely to stem the growth in public expenditures. The modernization program was located in the same division of the Ministry of Finance as the 'turnus' office. There it soon became the paramount task for the administrative division during the 1980's as this unit became a campaign organization for the new government that should formulate and launch modernization initiatives. As a result of this development the division of labour among the various offices in the administrative division was altered. This meant that other offices in this division of the ministry could also carry out efficiency program reviews in addition to the turnus office. The latter office could still do the same thing as well as some other tasks that were now added to its portfolio. It still retained its responsibility for initiating, planning and coordinating program reviews in general as well as the secretariat function for the supervising group of senior civil servants that still existed. In view of these changes the 'turnus' office was renamed.

The renamed office wanted very much to link its efficiency program reviews to the new modernization program and redefined them as modernization initiatives. Nevertheless, this link was never really established, probably because the program reviews already had abandoned the cost cutting approach that was the basic rationale behind the modernization program. Thus, contrary to what was intended the program reviews continued as an activity isolated from the other new and prioritized tasks in the administrative division of the ministry.

A definite and final formula for how to do program reviews proved elusive in Denmark. Those in charge of the program diluted its original and basic features further by allowing externally initiated program review requests to be carried out on an ad hoc basis in addition to the regular and internally initiated program review projects. Hence, program areas that were not scheduled to be reviewed could still be reviewed whenever they requested it thereby undermining further the turnus principle. This also meant that the administrative division and its various offices ventured into a new consultant role towards the civil service which represented a departure from the confrontational approach that became dominant up to 1982.

But even this new approach was finally abandoned in 1986.

An interesting observation here is that at the same time as the turnus principle was played down internally in the ministry's administrative division and more or less abandoned in practice the same unit tried to maintain the impression externally that selection of program reviews were still guided by the turnus principle. The intention to secure stronger involvement of the supervising body of senior civil servants in implementation of program review recommendations did not materialize either. On the contrary, its role in this respect apparently became weaker and more ad

hoc. By 1987 11 more program review projects had been completed but without any new evaluation at this point about overall results.

1988-1993: Stagnation

The administrative division within the Ministry of Finance merged with another division in 1988. But this did not affect the program reviews one way or another. While the division in other type of projects related to the civil service pursued a cooperative and consultant based approach it chose to return to the confrontational approach in its traditional program reviews.

The ambition at the outset of the program to cover all four major areas of the civil service within a four year period had still not been achieved. Serious doubts about the purpose and expedience of the program was expressed in an internal memorandum from 1988. Stronger involvement by the supervising body of top civil servants in the final stages of program reviews was mentioned once again as necessary by program staff, but instead its role deteriorated even further. This body was not formally terminated but it was only involved in one review project after 1990. From now on no attempt was made to follow the turnus principle and the last time it was mentioned as a guiding notion was in 1990

By 1993 8 more program reviews had been completed. No efforts were made even in this period to evaluate individual review projects or the program as a whole. There is, however, nothing that indicates that the performance of this program improved significantly in any way.

The quoted evidence from this period would rather suggest the opposite.

1994-1995: Revitalization?

The previously merged divisions in the ministry of Finance were merged again in 1994 with the *budget division* in the same ministry. This happened as part of a strategy to improve the efficiency of the modernization program launched a decade earlier. A year later the program reviews which by now had altered its name slightly was relocated to a newly established directorate of economy under the ministry of Finance. At the same time the by now dormant supervising body of the program was abolished.

A noteworthy result of the merger with the budget division was that the efficiency review program for the first time acquired the cost cutting profile that was initially intended 20 years earlier. Planning and design of new efficiency review projects were from now on regularly discussed with the office in the ministry of finance with budgetary responsibility for targeted parts of the civil service and then finally presented to the relevant cabinet committee for approval. This meant that efficiency reviews could be initiated as a response to problems that needed immediate attention somewhere in the civil service or as part of the budgetary process. They had by now lost most of their original defining features including autonomy from political tactics and intervention.

By the mid 1990's the efficiency review program initially called *turnusgjennomganger* and later *turnusundersøkelser* existed only in name as most of the program's defining features at the outset

had then vanished. The ‘turnus’ principle itself was unofficially abandoned in 1982 but officially upheld until 1990. The other main idea behind the program – to perform critical program reviews of any part of the civil service without invitation or consent from affected parties - was less consistently practiced after 1984. Later periods witnessed an oscillation between a consultant/cooperative and a confrontational mode of operation with more of the former than the latter. The ambition to investigate all major program areas of the civil service within a cycle of four years was never realized. Finally, the cost cutting profile of the program that was the primary political motivation behind its adoption first materialized at a late stage in its life cycle when the transformation to another type of program than initially envisioned was almost complete. No evaluation took place in this last period of our analysis, but then as we also have to bear in mind there was not much left of the original program to evaluate.

6. The Norwegian case.

6.1. Background.

Macroeconomic conditions were much less severe in Norway than in Denmark and the UK in the early 1980’s. Hence, there was no perception of a crisis similar to the British and Danish situation. Still, there were political concerns here as well about the development trend and absolute level of public expenditures and their various implications both in a short term and long term perspective. A new conservative-center parties’ coalition government had won the general election in the fall of 1981. Reforming the public sector was one major theme on the political agenda of the new cabinets and its allies in the parliament.

6.2. The Norwegian efficiency review program: *Områdejennomganger*.

When the new cabinet decided in the fall of 1982 to adopt the Danish efficiency review program this must be understood as one of the first concrete initiatives in its strategy to improve the efficiency of the public sector. Prior to the cabinets decision Norwegian bureaucrats had studied the Danish program to some extent based on available written documents and interviews with program staff in Copenhagen. The result of this investigation was a recommendation to the cabinet to adopt a slightly modified copy of the Danish program in its official version at that time. This recommendation was based on the allegedly positive experiences with the Danish program that apparently somehow had been communicated to the Norwegian bureaucrats studying it.

How can that be in view of our description of the state of the Danish program at that time? First, we have to bear in mind the fact that the Norwegian site visit in Copenhagen took place before the critical evaluation by the Danish program staff was written. Secondly, this was an internal self-evaluation report and hence probably not easily available to any parties outside the ministry. Thirdly, and most importantly in this context, the Danish program staff did their best to maintain the impression that the officially adopted program version was still guiding the operation of the program contrary to what was really the case. The result of all this was that Norwegian bureaucrats and politicians became attracted to and fascinated by an official version of the

Danish program that by then unofficially was in the process of being abandoned without the Norwegians being aware of this fact.

Another motivating factor behind the adoption of the Norwegian program was a certain frustration among politicians and top civil servants with prior efforts to initiate and implement cost cutting measures in the public administration. Like in Denmark it was felt that a new approach was needed to deal with this bureaucratic inertia. The *internal* pressure for change in this respect by those leaders responsible for fiscal discipline needed to be supplemented with some *external* pressure as well based on the assumption that both types of pressure combined might produce more substantial results. What the key decision makers probably found most attractive about the Danish program was that some of its basic operational features were meant to create this external pressure towards improved efficiency thinking and practice. The turnus principle and the mandate to without the affected parties invitation or consent to initiate and carry out program reviews were the crucial elements in this regard.

The Norwegian adopted version of the Danish program *Områdegjennomganger* literally means area reviews. Area in this context of course refers to *program areas* of the public administration. Although officially similar in content and profile to the Danish program the Norwegian one was given a different location in the central administrative system. First of all the program staff was placed at a lower administrative level, namely in the *directorate of public management (Statskonsult)* than the Danish program. Secondly, and perhaps even more importantly, this directorate was under the auspices of a different and much weaker ministry in terms of mandate and capacity to play the supervising and coordinating role that the successful operation of this program required. This was *the ministry of consumer and administrative affairs established in 1972* which among other tasks and together with the mentioned directorate gave advice on administrative and organizational matters to the government in power and the public administration system.

The program staff as a whole was not located in any single organizational unit within the directorate. Rather, program staff was drafted from various parts of the existing organizational structure depending on a needs basis relative to individual program review projects. Only two separate organizational structures were directly related to this program. The first was a *secretariat* established in the directorate to coordinate its de facto project management structure. The second was a small governing group established to assist and supervise the program staff in its work and very similar to the one the Danish program had. Representation in this governing body was as follows. One politician (a permanent secretary from the host ministry), three senior civil servants (one division leader from the host ministry and the ministry of finance respectively as well as the director of the directorate of public management), plus a permanent secretary from whatever ministry was affected by the individual program review in question.

The directorate of Public Management had no prior experience with the type of organizational investigation implied by the new program. Nevertheless, the directorate welcomed it with some enthusiasm as it saw this as an opportunity to play a more active and influential role in the relative new and emerging policy field called administrative reform policy. But, as we shall soon

see, the directorate and its program staff wanted to realize its ambitions on somewhat different terms than those spelled out in the cabinet's authoritative decision when it adopted the Danish program. These difference of opinion between the cabinet and the host ministry on the one hand and the directorate and its program staff on the other hand about several crucial program features were never really solved and contributed significantly to the relative short and unsuccessful history of the Norwegian efficiency review program. The program's life cycle spans less than a decade as the program for all practical purposes was dead by 1990. But even this short program history contains events that are no less paradoxical and interesting than the much longer Danish one which we have already analysed. The fate of the Norwegian program can for analytical reasons be divided into three time periods where each seems to have some unique features different from the others.

6.3. Program implementation

1982-1985: Disagreement on program design

At the outset it is important to emphasize that although the cabinet's decision referred to the Danish program as a role model for the type of efficiency review program it had in mind it was still primarily a principled decision that required some interpretation and specification to make it work in a Norwegian context. One main issue was how many different program areas the whole public administration should be divided into. Another issue was what criteria should be used in selecting program areas for reviews, how formalized these criteria should be and how rigidly they should be applied. There was also the question of whether efficiency reviews should be carried out within or across policy sectors or program areas. Last, but not least importantly, was the question about the estimated time period within which it was realistic to have performed efficiency reviews covering all designated program areas.

Disagreement on these vital issues about program design between the ministry of consumer and administrative affairs and its subordinate directorate of public management had appeared quite early at the policy formulation and deliberation stage a few months before the cabinet's policy decision in 1982. Already then it became clear that the directorate wanted to modify the official version of the Danish program in several ways to make it more suitable to the Norwegian context. The bottom line here was that the directorate wanted maximum flexibility and freedom in the planning and operation of program review projects while the ministry argued in favour of the official version of the Danish program. The directorate feared that the Danish version of the program would become a straight jacked that ruled out the possibility to deal with pressing administrative problems not scheduled for program reviews. The ministry, on the other hand, feared that this same flexibility would easily invite long discussions about the need and relevance of program reviews in those parts of the public administration that were review targets. Both parties, of course, thought that the program design they preferred would be the better in terms of producing substantial results measured against stated program goals. The ministry, though, had another not insignificant objection against the directorate's stance on this issue. On constitutional grounds it found that it would not be sound and hence not advisable to allow a free roaming directorate within the civil service in this sensitive policy field, even with backing from a governing body with some political representation.

Looking at the final cabinet decision on this matter there is no doubt that the ministry was the more influential of the two contending parties. Nevertheless, as already indicated above, the adopted program represented a slight modification of the official Danish program. These modifications were probably made in an effort by the ministry and the cabinet to mitigate some of the strongest objections from those who after all were supposed to handle the operation of the program. But as we shall see below these slight modifications in wording with respect to program design that might open up for some flexibility in the operation of program reviews were in no way sufficient to satisfy the directorate. It may have felt it lost the first ‘battle’, but the ‘war’ was by no means over.

Not surprisingly the disagreement between the ministry and the directorate surfaced again as soon as they jointly started the work to interpret the wording of the cabinet’s decision with respect to the efficiency review program. In its first official communication to the ministry on this matter the directorate reiterated its basic scepticism towards the program design features that could be deduced from the cabinet’s decision. The most remarkable thing about this communication, though, is the fact that the directorate suggested to the ministry that the cabinet’s guidelines with respect to program design should be ignored. The ministry, again not surprisingly, did not agree to any such proposal and responded relatively sharply by reminding the directorate about its subordinate role relative to the ministry and the cabinet. But the dispute was not settled that easily. Discussions continued even after this event for months. It was finally brought to the attention of the governing board of the efficiency review program. They decided to let a work group consisting of representatives from the ministry of finance and the two contending parties try to work out a program design that they all could agree on. The work group delivered its report in 1985. Agreement had been reached on the following guidelines with respect to the efficiency review program:

- (1) The whole public administration was to be divided into 50 program areas roughly following divisional jurisdictions within ministries and program categories in the state budget.
- (2) All 50 program areas should be subjected to an efficiency review within a period of 7-8 years. That meant reviewing 6 program areas every year spending approximately 3-4 months on each program review.
- (3) The sequence in which program reviews were to be done should always be planned 2-3 years in advance.
- (4) The design and operation of efficiency review projects should be standardized
- (5) A list of themes and issues that efficiency reviews should focus on ought to be made
- (6) Efficiency reviews should be organized in two separate stages: an introductory and broad/comprehensive mapping of a program area followed by a more focused and intensive investigation within a more narrow program area chosen by the program staff’s governing body.

Despite, or perhaps because of the strong disagreement four pilot projects had been launched previously in order to gain some experience with the new approach to efficiency investigations. They were, however, not surprisingly in view of what we have seen so far, carried out much in the same manner that the directorate always had done and still wanted to do these investigations. In addition, only one of the four took place within a sector based program area. The other three had a much wider and general focus. Hence, since none of these pilot projects had applied any of methods and procedures in the now agreed upon guidelines their value in terms of lesson-drawing were quite limited. On this background the governing body of the efficiency review program decided it was still premature to make a final decision with respect to the guidelines that had been recommended for the new program. Thus, it concluded that two more pilot projects and evaluation of these were needed before any definite and sound decision could be made.

1986-1987: Experimentation, evaluation and decision

State owned banks and the higher education system were chosen as the targets for the next two trial projects. Already at this stage the program staff learned that its governing body functioned somewhat like a bottleneck in terms of giving its consent to proposed candidates for program reviews. Thus, it took nine months before the last pilot projects was in place and a green light given to go ahead. These projects took twice as long to finish as estimated, but not because of much resistance among those directly affected. The pilot projects were otherwise carried smoothly and generally positively perceived where they took place. A weakness here, as in Denmark, was the following up of improvement recommendations from the pilot projects. This was partly due to some inertia from affected agencies. But it also had to do with poor monitoring procedures from the ministry in this respect.

Based on an *internal evaluation* of the experience with the pilot projects by the directorate in 1987 and deliberations in the governing body the following policy decision was made with respect to the efficiency review program in the fall the same year:

- The program should continue on a permanent basis
- Program area reviews should *not* be carried out in a fixed predetermined sequence but rather be initiated selectively according to a flexible approach
- Criteria for selection of program areas should not be formalized
- The following up procedure with respect to recommendations from efficiency review projects needed to be more standardized and formalized, especially regarding who was responsible for what and reporting and monitoring routines.
- Efficiency review projects should not only be a diagnostic instrument aimed at identifying potential cost cutting savings. They should also serve as a change agent by initiating organizational change processes in affected agencies.

What is remarkable about this policy decision is that it so clearly demonstrated that the directorate's ideas about program design had persuaded the decision makers to reverse their

previous decision on the guidelines formulated two years earlier. Thus, a program design had finally been chosen that in many ways were contrary to the Cabinets policy decision five years earlier. However, other events happening at approximately the same time impacted on this decision in ways that no one could have anticipated and they would render the directorates victory on this matter increasingly hollow and irrelevant. A new labour party government had taken office in 1986 and soon launched its own modernization program for the public sector. While the efficiency review program had been mentioned as part of the previous non-socialist government's modernization program this was not the case in latter program. Budgetary reforms and introduction of management by objectives (MBO) in state public administration were two major elements in this modernization program.

Not surprisingly, this had some impact on the directorate of public management and especially its own strategy in terms of internal priorities among current and future tasks. Reorganization of the directorate in 1986 and perhaps the replacement of its leader at the same time must be seen in this context. The reorganization was motivated by a perceived need on the part of the directorate to adopt a more *strategic and analytical approach* towards public administration in general. Pilot projects concerning implementation of the MBO system in various agencies had revealed a great need for advice and help in how to do this in practice. Hence, the directorate realized it had to devote substantial time and resources to develop the MBO system with respect to goal hierarchy specification, result indicators and reporting systems.

This change of strategy implied that there would be less time and resources for the traditional consultant oriented approach manifested in individual organizational projects initiated on requests from ministries and their agencies. The efficiency review program, it tuned out, came to be similarly and adversely affected. As part of the reorganization the program was for the first time located to one of the new divisions that had been established to carry out critical analysis within the public sector. This in itself might not have been a bad thing except for the fact that it meant that the program had to compete for attention and resources within the new administrative unit. The program lost out in this struggle and would probably have done the same regardless of its administrative location. In 1985 the directorate had estimated that the envisioned efficiency review program at that time might require the work load of at least 15 full time civil servants. For a short time in the first period of the program's life cycle personnel resources of that magnitude were in fact spent to get it up and running. But by the end of the present period no more than four civil servants were at any time involved in the program. Thus, the emergence another major reform measure – the MBO system – on the policy agenda did not bode well for the future fate of the efficiency review program. But, it also contained plenty of seeds for its own demise as we shall see below.

1988-1990: Program implementation and institutionalization become termination

It had taken seven years to reach agreement on operational program design. Finally, the time had come to execute efficiency reviews on a permanent, regular and routine basis within public administration. In reality, though, this last period which was supposed to ensure the implementation and institutionalization of the program instead turned out to initiate the beginning of its death in the bureaucracy.

The three next efficiency review projects that were launched in this period and what happened in that context is symptomatic for the problems the program was struggling with and which in many ways followed from the policy decision with respect to program design. First of all far fewer efficiency projects were started than needed if the ambition still was to cover all major areas of civil service within the stipulated time period of 7-8 years. This was in no small part due to the long time it took the program staff in every project to move from idea generation with respect to relevant program areas and issues to be investigated and then presenting them to their governing body for approval. Surprisingly often their consent could not be obtained forcing program staff to start the whole procedure again from scratch. This was, in other words, the price the program staff in the directorate paid for the flexibility approach they had fought so hard to achieve. In addition, they had also probably not counted on the degree to which the governing board itself proved to be the bottleneck and Achilles heel as a clearing house for launching of specific projects. Again it is not farfetched to surmise that the principle of flexible selection of program areas may have turned out to invite all sorts of tactical arguments from represented, affected parties as to why efficiency reviews were not needed on their home turf. Thus, the whole process from idea generation to project launching turned out to be very slow, quite energy consuming and exhausting on all parties involved producing very few and somewhat marginal projects in terms of political and administrative salience.

The last project under the auspices of this program was actually initiated on request from another ministry and carried out by the directorate much in the same way it had always done projects on a consultant basis. All told 9 efficiency review projects were officially carried out in the name of this program. However, probably no more than two of these can be said to have been done following some of basic principle defining the program's new efficiency approach. At the rate this program was going during the short period when it was officially said to be operative and before it was unofficially shelved it would have taken somewhere between 25 and 50 years to cover all defined program areas it was supposed to review.

7. Theoretical model applied: Explaining policy success and failure.

In the preceding sections we have described in some details the fate of three national efficiency programs. In this section the focus is explicitly *comparative* with the previously stated aim to explain the strikingly different results of these programs, especially the marked difference between the Scandinavian and UK experiences. This is done, first by explicating further the analytical framework and theoretical model presented in section 2 and figure 1, and second, by 'testing' its explanatory power. *Pattern matching* is the theory-testing procedure recommended by case-study methodologists. It implies a systematic comparison of empirically observed patterns in a dependent variable with those predicted from variables in the specified theoretical model (George, 1979; Yin, 1994:106-110).

Since the task is to explain substantial differences in policy performance between countries we have, according to the logic of *the most similar systems design*, only included factors in the model showing similar cross-national differences. To hone down even further the number of

explanatory variables to the crucial success factors in the British case we perform a *diachronic comparison* of efficiency programs within Britain.

7.1. Comparing theoretical propositions with cross-national differences

Basic structure of the state

Pollit and Bouckaert (2000:41-46) hypothesize that variance in the structure of the nation-state will make a difference with respect to the chances of formulating and implementing public sector reforms and more so the more comprehensive and radical they are relative to the status quo situation. Thus, in *unitary, centralized and strongly coordinated* political systems like the UK conditions should be more favourable to this type of administrative reforms than in other *unitary, but highly decentralized and less strongly coordinated* political systems like the Nordic countries. The authors formulated this hypothesis based on the ‘track records’ of public sector reforms in 10 countries which they studied. This hypothesis fits well with the pattern we have observed in terms of policy success and failure between our three countries, especially since the main difference here is between the UK and the two others. However, we cannot rule out the fact that confirmation of this hypothesis on this macro-level of analysis is due to a spurious relationship better explained by some systemic feature on a lower level. Thus, some of the next factors explored below may be good candidates in this respect.

Type of executive government

At the heart of the argument here is the fact that electoral systems in most countries tend to produce fairly stable results in terms of type of government. Thus, the majority winner rule in single member constituencies in general elections in the UK tends to produce an approximated two-part system and single party majority governments while the Nordic proportional representation system in multiple members’ constituencies conversely tends to produce many more parties in the parliament and either coalition governments holding 50 per cent of the legislative seats or minority governments where one or more parties hold less than 50 per cent of the same seats (Lane and Ersson, 1999). The British type of government – often referred to as the Westminster model – is the classical example the majoritarian type while Denmark and Norway are good examples of the consensual type (Lijphart, 1984, 1989)

Based on their comparative study of public sector reforms, Pollit and Bouckaert (2000: 46-51) believe that majoritarian governments have stronger capabilities to carry through comprehensive and radical reform than consensual governments. This hypothesized relationship fits the observed pattern in policy performance among our three countries quite well. What is the reasoning behind this hypothesis? Rhodes (1999:353-354) points to three aspects of the Westminster model that is relevant to public sector reforms. These are the strong cabinet tradition based on relatively broad working majorities in parliament, strong party discipline and few constitutional constraints on the executive. Rhodes (1999:353) formulates this point succinctly: “Once the British government decides on change, it can force it through”. Thus, single party majority governments, like the British, with few checks and balances tend to develop

a fairly adversarial style of governance while the minority or coalition type of governments tend to have a more consultative and consensus oriented policy style.

Pollitt and Bouckaert (2000:47-48) formulate the implications of type of government for public sector reform as follows:

“Deep structural reforms to the public administrative apparatus tend to be less difficult in majoritarian regimes than in consensual ones. The general reason for this is that such changes usually create ‘winners’ and ‘losers’ and the more consensual the regime the more likely it is that the losing interests will be directly represented in the executive and will seek to prevent, delay or dilute the envisaged changes. Thus, consensual regimes are less inclined to, and, in terms of political feasibility, less capable of dramatic, radical reforms than are strongly majoritarian executives. The latter can force through their own schemes, even against opposition from a range of other interests.”

Cabinet tenure and stability effects

The implication of this factor for radical public sector reforms is that it should reinforce the effect of type of government. The longer a particular type stays in power the more time it has at its disposal to formulate and implement administrative change. We would assume the effect of this variable might be particularly strong in the case of a majoritarian regime of the Westminster type. Again, our comparative case analysis seems to confirm this expected long tenure effect.

When Mrs. Thatcher came to power as prime minister in spring of 1979 the cabinet she led became one of the longest lasting in modern British history. It finally ended in the fall of 1990 when she was made to resign by her own party, probably due to the very unpopular poll tax she had forced through against strong opposition (Smith, 1995). The longevity of cabinets in the two Scandinavian countries during their respective efficiency programs life span was much shorter. Denmark saw no less than 9 different cabinets, alternating between different types of party constellations in minority and coalition governments in the period from 1974 to 1990. The situation was, if anything, worse in Norway. During the relative time period of 8 years that the efficiency program lasted 5 different cabinets, alternating much in the same as Denmark came and went. Interestingly, the trend with respect to the tenure of cabinets was opposite in the two countries during the 1970's and 1980's. It increased in length in Denmark and decreased in Norway (Lane and Ersson, 1999).

Institutional effects

The slogan in political science over the last 20 years, especially among students of comparative public policy, has been that institutions matter (March and Olsen, 1984; Olsen, 1992; Pierson and Skocpol, 2002?), Steinmo et al., 1992; Weaver and Rockman, 1992). That seems also to be the case in our cross-national study. The implication of the observed pattern with respect to

policy performances, then, would be that institutional factors should be most conducive to policy success in the UK and the least in Norway and Denmark somewhere between the two other but closer to the Norwegian institutional arrangement. The line of reasoning here is that the more administrative policy in general and the efficiency review programs in particular are centralized and located in or close to the core of the executive system (i.e. the prime minister office and the ministry of finance) the better the chances should be to induce major administrative changes and conversely, the more fragmented and decentralized the responsibility for this policy area and the farther away from this core the efficiency review program and its staff is located the worse conditions for such changes should be.

This institutional explanation is the one that we have considered so far that fits our data best. As our cross-national comparative analysis clearly demonstrates, the British efficiency scrutinies and their program staff enjoyed a superior and optimal location in the politico-administrative system compared to the two other countries. The efficiency unit's location in the prime ministers office gave the efficiency scrutinies political leverage that was missing in Scandinavia. This would have been the case even with the same institutional arrangement in the two other countries. The reason is that the role of cabinets and their prime ministers vary to a great extent in Western Europe according to comparative studies of cabinets (Blondel and Mueller-Rommel, 1997). This role, according to the same authors, seems to be associated with the type of government we have discussed previously. Thus, they observe that majoritarian governments, of which Britain is a pure case, tend to foster strong prime ministers while consensus governments are less likely to do the same. The reasoning behind this is that the adversary politics tradition of majoritarian governments and its constant battles with the opposition in parliament creates a need for a strong leader rather than a 'chairperson' (Blondel and Mueller-Rommel, 1997:15). Several accounts of the British government during the 1980' confirm the comparatively strong position of the Cabinet and its prime minister (Burch, 1997; Hood, 1996; Seldon, 1995)

This point will be elaborated further below related to the leadership factor.

In Denmark the equivalent program and its staff was located in the ministry of finance, but not in the division responsible for the state budget, which might have been most logical considering the cost cutting motivation behind the program. Thus, the institutional anchoring of this program was less optimal than it could have been. In Norway the institutional arrangement in this respect was clearly suboptimal with the efficiency review program being located at the directorate level under a relatively weak ministry in terms of coordination capabilities. This latter variation in institutional arrangement corresponds nicely to the fact that administrative reform policy in general was more concentrated in Denmark in the ministry of finance and more decentralized in Norway to line ministries and where the role between the ministry of finance and the ministry of consumer affairs and administration was much less clear (Pedersen and Læg Reid, 1994; Christensen and Læg Reid, 1998).

Political leadership.

Even in the tradition of strong prime ministers that seems to follow from the majoritarian type of government there can be no doubt that Mrs Thatcher stands out as an exceptionally strong and

effective prime minister. Her determination and capability to carry through many issues high on her policy agenda is legendary (Hood, 1996; Smith, 1995). We have previously seen that public sector reform was one salient issue among these and explicated how efficiency scrutinies were devised as a means to ‘unfreeze’ a civil service that seemed both unwilling and incapable of major organizational change. Administrative change policy or public management reform as is the fore fashionable label these days has never been considered ‘high politics’ and definitely not at the time when Mrs Thatcher took office in 1979. The strong and extended personal involvement she demonstrated in the efficiency scrutinies, therefore, stands out as exceptional and remarkable in many ways. The appointment of her personal efficiency advisors, first Derek Rayner and then Robin Ibbs, to head the efficiency unit in the cabinet office and supervise the program must be seen as another manifestation of her strong commitment to this program’s short term and long term goals.

The crucial role of persons with special motivation, skills, energies, persistence and resources in public policy making processes has long been recognized, especially with respect to radical policy change. They are often referred to by political scientists as policy entrepreneurs. (Kingdom, 1984; Marmor, 1986; Schneider and Teske, 1992; Thompson, 1994). In our study Mrs Thatcher and her personal efficiency advisors are classical examples of such policy entrepreneurship and there is no indication from our Scandinavian case studies of anybody playing a similar role. What can account for Mrs. Thatcher’s strong and enduring involvement in this policy area and how did that influence her efficiency strategy embodied in the efficiency scrutinies?

Policy learning and Second Chance Effects

Second chance effects refers to an incoming government having experienced a disappointing policy failure in the not too distant past and allowed that experience in the interim period to feed back into policy corrections (Hood, 1996:56). This was very much the case with respect to the Conservative government that won the general election in 1979. Over 60percent of Mrs Thatcher’s first cabinet and including herself had direct experience with prior, failed attempts to implement public sector reforms during the Heath cabinet from 1970-1974. This also included Rayner and his successor Ibbs, but who had both served in sub-cabinet positions. Thus, it is not farfetched to assume that this combination of policy failure in the past and a new chance to do something about that may account for the extraordinary policy entrepreneurship demonstrated both by Mrs. Thatcher’s and her efficiency advisors. There is nothing similar to this effect in Denmark and Norway, and for good reasons as we will make clear below.

Strategies, and Program design

Given Mrs. Thatcher’s reputation as a confrontational and controversial prime ministers in many respects it may seem quite out of character and strange that she and her first efficiency advisor would initially adopt the low key and modest strategy embodied in the efficiency scrutinies. We have previously explained how this somewhat surprising strategic approach in the short run was based on experiential learning. Its main purpose was twofold: first, to gradually ‘unfreeze’ a

civil service entrenched against any major administrative change and second, to set in motion a ‘chain reaction’ that would in a somewhat longer time perspective produce much more substantial results. We have also detailed how this new strategy was embodied in the program design of the efficiency scrutinies, faithfully implemented by program leadership and staff and the impressive results achieved both in its short term and long term perspective.

Program designs in Denmark and Norway were also to some extent based on previous attempts at administrative change, but on a much smaller scale in terms of more low key cost cutting measures that had failed. But these failed cost cutting measure had not been part of any previous large scale reform program like in Britain. We have also seen how the intended efficiency strategy embodied in the initial official program design never was implemented in neither Denmark nor Norway. This was most clearly the case with the cost cutting profile of the programs that had primarily motivated them, but was deserted quite early in both cases. The other significant difference from the British case is the uncompromising, confrontational and very ambitious strategy evident in the Danish program towards its target groups which later was copied in Norway but never really implemented. We also witness some alternation between the confrontational and more cooperative, participative approach in the operation of the Danish but without much success one way or the other.

Economic crisis effects

The influence of ‘shock effects’ with respect to major policy changes has been recognized by several policy scholars for some time and most explicitly in the works of Rose (1976) and Baumgartner and Jones (1993). The so called ‘punctuated equilibrium process the latter authors refer to designate an overall pattern of relatively long periods of policy stability and continuous, small scale, ‘organic’ change interrupted at irregular intervals by substantial radical change caused by some external or internal shock inducing events. After the political system has adjusted itself to these events by some substantial policy changes a new extended period of policy stability tends to follow. This pattern seems to fit the British case with respect to public management reform. The same is the case as to the most frequently cited examples of shock effects in such contexts which are those of an *economic* nature that affect the overall performance of the political system (Howlett and Ramesh, 2003).

The economic indicators from the period preceding the adoption of the efficiency review programs in the three countries clearly show that fiscal situation was much worse in Britain than the two others. It was actually one of the worst in the whole OECD area. This had also been the case for some time and the situation actually got worse during the late 1970’s and early 1980’s (Saunders, 1985). Thus, there was a strong sense of economic crises in Britain that only grew in strength during this period. This must, no doubt, have reinforced the resoluteness of the prime minister and her cabinet to go ahead with their reform agenda. But, it was also probably of crucial importance in overcoming the resistance in Westminster and Whitehall against major management reforms (Hood, 1996:54).

There was also a relatively strong perception of an economic crisis among the political elite in Denmark in the mid 1970’s, though the economic indicators to that effect were not as bad as in

Britain. They were sufficiently worrying for the Danish government to adopt their own efficiency review program, but not bad enough to launch a radical administrative reform program. Norway was on top of the list in terms of economic performance in comparable periods and increasingly so due to the rapidly increasing oil revenues. Thus, there was for good reasons never any perception of an economic crisis among the political establishment during the 1980's or later. At the most one might talk about some concerns even here with future trends in public expenditures as not all the oil riches could be spent immediately without jeopardizing the health of the nation's economy in general.

To sum up here, the economic crisis effect based on these observations should clearly have been strongest in the UK and weak to non-existent in Norway with Denmark somewhere between the two other countries. Again the expected country specific pattern based on economic performance matches the one observed with respect to their policy program performance.

Degree of overdue change at the outset

The last factor we want to consider in explaining national differences in policy performance is not necessarily the least important one. It is easy to forget that the situation across countries may vary a good deal with respect to how much their administrative systems have changed in the past and therefore also how up-to-date and modern they are at the starting point of our own analysis. Thus, the potential for harvesting substantial gains from similar reform measures might be quite different depending on the state of affairs in this respect in different countries.

Accounts about organizational changes in the civil service system of our three case countries clearly suggest that major administrative reforms were much more needed and long overdue in the UK compared to Denmark and Norway (Rhodes, 1999). Admittedly, in all countries there has been a fair amount of continuous, un-planned and piecemeal changes in the administrative system but, it would appear, much more so in the Scandinavian countries than Britain. Thus, the creation of sub-ministerial agencies in Britain as late as the 1990's was an administrative reform that had started already in the 19th century in Denmark and Norway and developed with various intensity into and through the 20th century and on a somewhat greater scale in Norway than Denmark (Lægneid and Pedersen, 1994; Rhodes, 1999) Hence, there can be no doubt that the pressure for administrative change was much stronger in Britain than Scandinavia.

7.2. Conclusion. The critical success factors

Most, if not all factors in our theoretical model show variation that correlate positively with the difference in policy performance between our three countries. How, then can we determine their relative influence with respect to explaining the British success case. The best strategy here, as suggested earlier in the paper, is to do a diachronic comparison of the British case. That is, we compare the failed efficiency program (PAR) of the 1970's with its successful successor – the efficiency scrutinies – and ask what else was different and what was similar with respect to the factors we discussed in the preceding section. Then it follows from the comparative logic that the crucial success factors must be among those factors in the 1980's that were different from the previous decade.

Starting with factors that were the same in the two periods we have the basic structure of the state and type of executive government. Great importance was attributed especially to the latter factor in our cross-national comparison. We are still convinced that this is an important explanatory factor in the British case, but then only in combination with other factors that changed. In this context it might be helpful to introduce a distinction between *enabling* and *precipitating* factors. Enabling factors can be stable systemic features that represent a great potential for substantial policy change, but that potential remains untapped unless there are some precipitating conditions and events at work. But they can also be a more temporary favourable condition that increases the likelihood for radical policy change. Following this line of reasoning the British type of executive government – the Westminster model – is probably the most crucial enabling factor in this context. But the result of the general election in 1979 and the second chance it provided for the new and long lasting Conservative government must also be counted as another crucial enabling condition. Precipitating conditions and events must be located among those factors that are new in the 1980's. Two in particular seem important as we strongly suspect that they reinforced each other. The first is the transformational leadership demonstrated by Margaret Thatcher as prime minister in this policy area. By transformational leadership we here refer to the capability of “providing new vision, alligning members with this vision, and mobilizing energy and commitment to the realization of this vision”. (Levy, 1986:12). The second factor we believe had a substantial precipitating influence is the fiscal situation, which had been below OECD average for a long time, worsened considerably during the latter half of 1970's and into the early 1980's. There is some evidence to the fact that the “shock effects” of this dismal economic situation may have softened the opposition against the new reform programme considerably both in Whitehall and Westminster (Hood, 1996:54).

Thus, extraordinary fiscal stress combined with the unusual policy entrepreneurship exhibited by the prime minister and her personal advisors were probably the most important factors in overcoming resistance against reforms both among senior civil servants and the opposition parties in the parliament. Hence, it seems reasonable to call them the crucial precipitating conditions and events with respect to the transition that started in the 1980's and accelerated during the 1990's. But, we have to realize that the influence of policy entrepreneurship was in this case in no small part due to the enabling conditions of the Westminster type of government, the remarkable cabinet continuity and stability of Margaret Thatcher's government, the institutional anchoring of the Efficiency Unit in the Prime Minister's office and perhaps the efficiency strategy embedded in the scrutinies program. It is difficult to say whether the more confrontational strategy adopted and practiced in the Danish efficiency review program might have worked equally well given the unique circumstances in Britain.

By the same token the failures of the Scandinavian reform efforts can be explained by the absence of many key variables in our model or unfavourable values and configurations of those that were present. Here, we also witnessed what may have been false policy learning based on inappropriate policy transfer from abroad. But we should also keep in mind that the marked difference in policy performance between the UK and Denmark and Norway may, at least partly, be due to the fact the latter countries had a more up-to-date and modernized public administration than Britain in the early 1980's.

To conclude, even though we have identified some factors to be of the enabling type and others to belong to the precipitating and triggering type we emphasize, once again, that it is the fortuitous confluence and interaction of these factors at a critical juncture that provide the best explanation of radical policy change. This is a type of explanation that has come in vogue in later years among policy scholars who grapple with the demanding challenge of explaining both policy variation between countries and policy change within each over time (John, 1998). Aberbach and Christensen (2001) applied it same theoretical framework to explain the equally radical public sector reforms in New Zealand in the 1980's. Zaharidias and Allen (1995) used it in a comparative study of privatization policy in Britain and Germany and so did Wilsford (1994) implicitly in another cross-national comparative study of health care reforms including the latter countries as well as France and the US.

Thus, this mode of explanation seems to have some wider and general validity with respect to radical policy change. But, at the same time we must not forget that most political systems are characterized more by policy continuity and stability than policy discontinuity which are fewer and far between. Nevertheless, considering the demanding challenges we are facing today in many policy sectors like *education*, energy, the *environment*, *health care*, *poverty* etc. major policy shifts may become more common out of sheer necessity (Streeck and Thelen, 2005). In that case the type of explanatory framework offered here may turn out to have wider application. Then again, even policy change may become routinized and institutionalized in which case we are back to policy continuity and path dependency on a higher level.

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