

RULES FOR PRODUCING RULES

How policy organizations deal with outcome-based rules for regulatory action

Dr Mirko Noordegraaf

Utrecht School of Governance (USG)
University of Utrecht
Bijlhouwerstraat 6
3511 ZC Utrecht
M.Noordegraaf@usg.uu.nl

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Abstract

Fuelled by neo-liberal climates and new public management techniques, rules for producing rules have been adapted. New policy games are played, due to new policies that have introduced new texts, procedures and formats for making policies. More than ever, policies for making policies focus on objectifying organized action, and on monitoring and measuring the results of organized action. Budgetary rules, that is, rules for policy-making have been transformed in order to organize on the basis of outcomes. This is highly ambivalent, not only because new rules and old routines collide, but also because ambiguous playing fields are at odds with crystal-clear rules for objectified rule-making. The question is, How do ‘professional’ policy-makers deal with rules for regulating complex policy issues? More specifically, How do policy managers cope? These questions will be answered by exploring budget reform and by studying a specific example of budget reform, the Dutch “VBTB” operation that transformed central government’s budget system (1999). It will be shown what ‘really’ happens when new rules for rule-making in ambiguous playing fields are introduced. Firstly, it will be shown how formal talk deviates from factual talk – how budget texts that are produced deviate from ambitions. Secondly, it will be shown how such deviations are reflected in real-life organizational dynamics – how VBTB has turned into a contested ‘regime’. Thirdly, it will be shown how policy managers in public organizations cope with day-to-day dynamics – what coping mechanisms they use to work with and work against VBTB at the same time. Suggestions are provided for turning VBTB and comparable systems into meaningful systems.

Key words

New public management, budget reform, policy managers, professionalism

1. Introduction

Driven by neo-liberal or attempts to turn public organisations into ‘normal’, businesslike organisations, and public sectors into efficient, market-based sectors, the *rules of the game* of public policy-making and of producing rules and regulations have been altered. Most fundamentally, philosophies behind regulatory *games* have changed. Policy regulation has become a matter of solving problems, quickly, efficiently and effectively, fuelled by perceived policy problems, failures and incidents. Policy-makers must produce clear and concise rules and regulations, and

apply them as strictly as possible. ‘Customer’ demands must be taken into account, results must be realised, progress must be shown, value for money must be delivered, and actions must be accounted for. Regulation has become a matter of de-politicising politics. This is viewed as ‘professional’.

More practically, procedures and routines have been changed. Regulatory *rules* have been adapted. Performance management systems and planning and control cycles have been introduced, with contracts, monitoring, and clear organisational procedures. These managerial systems and cycles are part of large-scale public sector reform, aimed at changing organisational *and* policy practices. A good example is the so-called ‘VBTB’ operation – ‘From Policy Budgeting to Policy Accounting’ – in The Netherlands, a large-scale reform of the Dutch national budgetary system, aimed at modernising and ‘professionalizing’ public policy making.

These rationalising and de-politicising performance-oriented rules are difficult to apply in public sector *playing fields*, however. New rules for rule setting are difficult to apply when policy-makers must deal with complex issues, such as crime, congestion and care. Such issues are ambiguous or ‘equivocal’; they are interrelated and connected; they are surrounded by high expectations and strong claims; they are constrained by earlier attempts to tackle issues; and they are coloured by institutionalised political and electoral games. This is puzzling. In order to improve professional policy regulation, gaps between policy games and playing fields are enlarged and opportunities for professional policy-making are reduced, despite attempts to strengthen regulatory professionalism. *How do ‘professional’ policy-makers deal with rules for regulating complex policy issues? How do ‘professional’ policy managers cope?*

The paper will, firstly, explore general trends towards ‘management by measurement’ in public sectors. Next, it will explore how new regulatory rules have been set for professional policy-making. It will discuss outcome-based rules for regulating collective action. Then, it will introduce the Dutch VBTB-operation, and it will explore how VBTB ‘really’ works. Based on interviews with policy-makers, in-depth observations of policy managers at work, as well as in-depth analysis of ‘critical’ budgetary articles that ground regulatory action, the real implementation of formal intentions, real-life organizational dynamics, and day-to-day coping behaviours of policy managers will be traced and analysed. Daily regulatory action will be brought to light. Attempts to move towards outcome-budgeting with rules for professional rule production, it will be concluded, are understandable but ‘illusory’. Finally, ways forward for more professional coping with rules for regulatory action will be sketched.

2. Management by measurement

The so-called new public management has become a fact of administrative life (e.g. Hood, 1991; Pollitt, 1993; Ferlie et al., 1996; Pollitt & Bouckaert, 2000; Christensen & Laegreid, 2002). Fuelled by neo-liberal philosophies, public sectors are restructured along the lines of businesslike and market-based logics. Public sectors must be privatized as much as possible, that is, public organizations must be turned into

private companies that operate on markets as much as possible. Public sectors must also be 'privatized' when they are not really privatized. That is, public organizations must be run as efficiently and businesslike, also when they remain 'behind' (when they remain public). They are seduced or forced to use businesslike and market-based instruments for doing so, such as cost-benefit analysis, risk assessment, planning & control, quality models, customer satisfaction ratings, et cetera. These instruments add up to an avoidable 'management by measurement' movement (cf. Noordegraaf & Abma, 2003). Organizational action and outcomes must be continuously monitored and measured. The state has become a 'managerial state' (Clarke & Newman, 1996); the managerial state must establish businesslike transparency and market-based clarity.

Although this is a fact of life, several critical ingredients often go unnoticed. Firstly, the new public management does not negate publicness and it does not ignore politics. On the contrary, the new public management discourse is invoked to *strengthen* publicness and politics. By starting from customers, by producing tangible products, and by focussing on value for money, it is argued, societies and collective action are served. Politicians can make clear choices, tax money is not wasted, and trust in public organizations will increase. The new public management, in other words, can not be understood in terms of a simple 'public versus private' distinction.

Secondly, the new public management is not merely about organizational action. Managerial methods are introduced to coordinate collective action, and therefore it is also about policy-making. Organization, policy and management collide. By identifying organizational goals and targets, for instance, organizations can be run smoothly, policy-action can be focussed, budgets can be allocated, and political accountability can be realized. The new public management, in short, can not be understood in terms of a simple 'policy versus management' distinction.

Thirdly, although the new public is criticized for its inappropriateness, as its emphasis would be too individualistic, short-sighted and simplistic, proponents see this as 'professional'. Traditional orientations on 'the state', political 'wheeling and dealing', 'checks and balances', they argue, provide too many barriers for appropriate organizational action. Professional politics, they argue, is rationalized or de-politicized politics; professional public management, they argue, is objectified management. This is understandable, as neo-liberal philosophies contain normative ideas about the meaning of 'collective' and thus about the meaning of terms like 'professional'. The new public management, in short, can not be understood in terms of a simple 'professional versus unprofessional' distinction.

These critical ingredients are important, as they highlight the complexity of political and administrative playing fields on which new managerial games are played. Irrespective of precise problems and issues – care, congestion, crime, and the like –, contemporary attempts to get a grip on problems and issues are themselves ambiguous. This, in itself, raises the question – how do key players, such as politicians and public managers, who must practice new public management, practice new public management? How do they perceive and practice 'politics'? How do they link 'public' and 'private'? How do they manage 'policies'? How do they interpret professionalism? How do they become 'professional'? Or, put together, *how do what kind of professional politicians and managers organize what kind of organizational (and thus policy) action, in order to coordinate what kind of collective action?*

Such a question enables us to move away from ‘pro-contra’ debate that surrounds the new public management (Noordegraaf & Abma, 2003), whereby new public management proponents preach the new public management, and others (scholars, mainly) criticize the new public management. The new public management itself is highly ambivalent, and this means critical reflection does not need to come ‘from without’ – it can come ‘from within’. Proponents and practitioners *themselves* might preach managerialism *and* show its shortcomings. Practitioners might deify and deconstruct managerial methods at the same time. Beneath, budgetary reform will be used to show this.

3. Rules for regulatory action

Critical reflections upon the new public management on the grounds of a ‘within’ perspective, might use each of the critical ingredients as a starting point. It might, for instance, be studied how public managers perceive politics and whether their perceptions influence how they set organizational targets and establish organizational contracts (1st critical ingredient). It might also be studied how public managers are turned into ‘professionals’ by professional associations and educational programs that construe images of professionalism (3rd ingredient). Beneath a ‘within’ perspective will be presented by studying how politicians and public managers set rules for rule making (2nd ingredient). For changing rules of the game – efficient use of organizational resources, clear targets, strict monitoring, et cetera – have not only influenced organizational games; they have also influenced policy games, that is, games that produce rules. Policy-making as regulatory endeavour is being regulated in new ways: policy problems must be clearly identified, policy targets must be set, progress must be measured, and policy action must be accounted for. These new regulatory forms for regulating regulation have strong organizational overtones – they are about planning & control cycles, budgetary allocation, and accounting.

In different countries such new rules for producing rules can be most clearly studied by emphasizing reforms of budgetary systems that have replaced traditional input-based systems by output- and outcome based regimes (e.g. Pollitt et al., 1999; Pollitt & Bouckaert, 2000; OECD, 2003; Steen et al., 2005; et cetera). Budgets for policy organizations must be allocated on the grounds of clear and transparent objectives and targets, and policy action must be accounted for by comparing targets with results. More specifically, the OECD “*believes seven institutional features are necessary to effectively control public expenditure*” (Blöndal, 2003, p. 25):

1. *“Medium-term budget frameworks;*
2. *Prudent economic assumptions;*
3. *Top-down budgeting techniques;*
4. *Relaxing central input controls;*
5. *Focus on results;*
6. *Budget transparency;*
7. *Modern financial management practices.”*

The OECD shows that different countries all move towards “this direction”. “*Different countries are starting from different positions and are moving at different speeds – but the direction is clear. The journey will take longer in countries with very entrenched traditions in the public sector. But the benefits are significant as shown by the success currently enjoyed by the early reformers*” (p. 25).

4. ‘VBTB’

In The Netherlands this budgetary reform in (and around) central government goes under the heading of ‘VBTB’ – ‘From Policy Budgeting to Policy Accounting’ – which was introduced in 1999. In the most mundane – i.e. technical sense – this boiled down to a large-scale introduction of new budgetary procedures. In a less mundane sense, this led to new politico-administrative philosophies. Both in a technical, as well as politico-administrative sense, VBTB clearly expresses the OECD’s core beliefs.

4.1. VBTB as technical regime

First and foremost, the budget’s *set-up* and the textual structure of its concomitant budgetary reports and papers were changed. In stead of budgetary articles that allocated money to organizational units, so-called ‘policy articles’ were introduced, which allocated money to ‘policy objectives’. In case of the budget for ‘education, culture and science’, for example, the budget does no longer speak of the ministry of Education’s organizational units. Since 1999 it first summarizes the so-called ‘policy agenda’ (based upon cabinet policy), and then presents policy articles under the headings of ‘primary education’, ‘secondary education’, higher education’, and the like. For each policy article, the so-called ‘general policy objective’ is summarized, and ‘operational policy goals’ are presented. This is complemented by general oversights of budgetary consequences. After all policy articles have been presented, a so-called ‘management paragraph’ is presented.

Secondly, the budgetary *process* and its procedures and time schedules have been altered. Although the general rhythm has been maintained, several important changes have been made. Most prominently, in addition to the formal presentation of budgetary plans to Parliament, in September, a formal presentation of budgetary outcomes has been introduced, in May. This is accompanied by new rituals. In addition to the so-called ‘Third Tuesday in September’, when the Queen presents cabinet plans and the minister of Finance presents the budget, the so-called ‘Third Wednesday in May’ has been established, at which the minister of Finance and the president of the General Accounting Office present policy reports to Parliament. This means a grand ‘planning and control’ cycle has been established.

Thirdly, policy support from the ministry of Finance and budgetary oversight is coloured by new *frameworks* and *formats*. Over the years, the ministry of Finance has produced a wealth of technical papers on how to create operational policy goals, how to use performance indicators, and how to establish ex-ante evaluation research.

Finally, Dutch language has been enriched. Since 2000, policy-making must be “VBTB proof”.

4.2. VBTB as ‘philosophy’

In a less mundane sense, such technicalities are coloured by new politico-administrative philosophies. Firstly, it was intended to increase the “readability” and “accessibility” of the budget. In stead of long and massive budgetary articles, a ‘lighter’ version of budgetary plans had to be created, so that audiences – ‘citizens’ – could understand how public money was to be spent.

Secondly, it was intended to transform budgetary thinking. In stead of input-orientations, output- and outcome-controls had to be established. This is not only visible in policy articles; it is also visible in all the ‘talk’ that surrounds VBTB-processes. In planning phases, policy officials are taught to think in terms of so-called WWW questions:

1. “*What do we want to accomplish?*” (*goals, targets*)
2. “*What are we going to do for it?*” (*activities*)
3. “*What will it cost?*” (*money*)

These questions and their intended effects – clear and operational policy articles – can then be used to ask specific control questions:

1. “*Did we accomplish what we intended?*”
2. “*Did we do what we said we would do?*”
3. “*Did it cost what we said it would cost?*”

Thirdly, it was intended to establish tight links between policy, organization and management. By turning budgetary plans into ‘goal based’ endeavours, by establishing transparent links between organizational action (input, throughput) and outcomes (output, outcome), and by introducing explicit management paragraphs, coordinated action would become the means for realizing objectives. This is reflected in formal statements about the meaning of VBTB. In 2004, when a major evaluation report of VBTB was presented, the minister of Finance stated:

“VBTB started as an operation that primarily intended to improve the presentation of the budget and budgetary report, but VBTB has turned into an instrument for strengthening a more efficient government.” (Letter to Parliament, December 12, 2004)

All of these features underscore earlier remarks about the ambivalence of the new public management. VBTB has strong new public management overtones; it emphasizes ‘managerialist’ transformations in policy domains, and improves policy-making by creating more businesslike, cost-conscious and transparent organizational action. But at the same time, it is about stronger politics and better public service. VBTB’s ‘planning & control’ emphasis is not used to ‘privatize’ public service – it is used to strengthen the grip of politics on public service, so that waste is reduced, overlap is eliminated, value for money is realized, and public trust is (re)gained.

5. 'Real' usage of VBTB

All policy officials and managers in Dutch government must formally comply with VBTB, and all do, but at the same time they do not really comply with VBTB, as VBTB can not really work. Based upon interviews with public managers and Ministry of Finance officials, observations of public managers 'in action', and documentary analysis, it will be shown how and why this is case.¹ Beneath it will be shown what happens when public managers comply with VBTB – how they use *and* do not use VBTB at the same time – and why this is the case. Firstly, it will be shown, in a very general sense, how formal and factual uses of VBTB techniques and philosophies differ; or, more precisely, how formal talk differs from factual talk. Secondly, it will be shown how this is reflected in real-life organizational dynamics; it will be shown how policy organizations and politicians use but resist VBTB. Thirdly, it will be shown how public managers really use VBTB, that is, what coping mechanisms they use to comply with *and* ignore VBTB-procedures.

5.1. Formal versus factual talk

In a general sense, the 'real' use of the VBTB-regime, of its structure, procedures, frameworks and formats, quickly shows its 'distorted' use. Since 1999 VBTB is real, as all regime features have been implemented and can be encountered in papers, reports and debates, but VBTB is not always 'really' used. It is certainly not always real in its consequences. Ways in which techniques (targets, performance indicators, and the like) and formats are applied 'distort' formal intentions.

To a large extent, VBTB remains *talk* and *text*, in stead of action (compare Brunsson, 1988), but even in case of talk and text, it is not difficult to trace the distorted and 'under'-use of VBTB. 'Real' budgetary plans and budgetary control deviate from formal VBTB-intentions, and over time formal intentions have even been changed, due to practical problems. The ministry of Finance has for instance acknowledged the fact that it is difficult to state clear outcome-targets. These general remarks can be elaborated by testing whether specific formal VBTB intentions are really implemented when VBTB-texts are produced. Are policy articles really output and outcome based? Does control information explain why deviations between plans and results occur? Do key players use VBTB to decide?

Formally, the VBTB regime is output and outcome based, but budgetary articles are *not* really output and outcome based. Throughout 1999-2006 budgets, policy articles contain both many *vague* output/outcome targets, as well as many *throughput* goals. To illustrate, when we take the policy article 'higher education' (from the ministry of Education's budget 2006), we can first read about the "general policy objective":

"6.1. Taking care of a qualitatively high-standing, accessible and efficient higher education and scientific research"

¹ Partly supported by the ministry of Public Transport and Waterworks (Noordegraaf, 2003).

This is important, it is explained, because *“In an innovative knowledge economy the production factor human knowledge is central. A well functioning educational system at all levels is absolute necessity. [...]”* The ministry of Education’s contribution to this objective is described as follows:

“The Ministry of Education, Culture and Sciences contributes to the creation of an education and research climate that challenges people to perform optimally, in order to enable students to discover, develop and use their talents. The Ministry also contributes to deliver educated people for a durable knowledge society and to the strengthening of the innovative power of the economy. [...]”

After a summary of “budgetary consequences” in two large two-by-two tables, with expenses and revenues in different years (2004-2010), the policy article continues with summaries of five “operational goals” that clarify how this “general objective” (or general objectives?) will be reached: *“enabling institutions to deliver education and research”, “attracting talented students by challenging and excellent education”, “working on a well-educated occupational population by maximum educational participation”, and “more researchers with quality by improving researcher education.”* In addition, we come across the following policy goal:

“6.3.3. Strengthening innovative power and Dutch knowledge infrastructure by optimal use of higher education”

When we take this specific goal, we can read about its operational features, as “instruments” and “activities”, as well as “performance measures” are summarized. The listing of “instruments” contains remarks such as:

- *“Continuation of the so-called Raak rule (regional action and attention for innovation) [...].*
- *Health care: the available supply of educational programs will be efficiently extended so that this matches the reordering of tasks in health care [...].*
- *Extra investment in professional ‘lectors’ and knowledge communities [...].*
- *[Et cetera]”*

The listing of “activities” contains sentences like:

- *“‘Lectors’: developing quality systems applied research together with the ‘HBO’ Council.*
- *‘Raak’ audience: developing a joint action program together with the ‘HBO’ Council.*
- *Health care: [...] 75 additional master students nurse practitioner and physician assistant [...].*
- *[Et cetera]”*

This is accompanied by such “performance indicators” as:

- *“‘Lectors’ and knowledge communities: see the new covenant.*
- *‘Raak’: number of involved organizations and vocational institutions.*

- *Health care: except for the number of students for new occupations in health care, there are no performance indicators for new care programs.*
- *[Et cetera]*”

The list of such remarks can be extended, and comparable remarks can be found in other policy articles and budgets. From a formal VBTB perspective these remarks must be considered to be weak. They say nothing about what will happen exactly when such activities and instruments are applied – how they contribute to general policy objectives and what societal effects will occur; whether innovative power and knowledge infrastructure will really be improved, and what this means for “a qualitatively high-standing, accessible and efficient higher education and scientific research.” Precise causal reasoning and clear causal links remain obscure. The ‘operational goals’, moreover, are primarily defined in throughput terms: covenants will be used, quality systems will be developed, action programs will be established.

Although this is unacceptable from a VBTB point of view, it is also understandable, of course. The ambiguity of terms such as innovation and knowledge infrastructure, *and* the ambiguity of terms such as ‘qualitative’, ‘optimal’ and ‘excellent’ make it impossible to formulate a few output/outcome goals, and to identify crystal-clear causal links between throughputs, outputs and outcomes (e.g. Weick, 1979; 1995; Lynn, 1987; March & Olsen, 1989; March, 1994; Feldman, 1989; Wilson, 1989; Yanow, 1996). These textual fragments do not say so much about the weakness of VBTB, but about the inability to match a crystal-clear performance system with ambiguous tasks that present themselves to ministries such as a ministry of Education, especially when such ministries must comply with grand discourses on phenomena like ‘knowledge economies’. Pleas for better “policy information”, or better “indicators”, against the background of better “objectives” and “goals”, which appear to be regular reflexes when VBTB-proponents try to deal with problems (e.g. Van der Knaap, 2002; Research voor Beleid, 2004; Douma, 2004; et cetera), will be insufficient for discovering how things really work and how goals can be reached.

Furthermore, formally the VBTB-regime enables key players to identify reasons for under- (or over-) performance, but the use of VBTB shows that budgetary articles can *not* really be used for that, and that they can be used to shift the blame. The budgetary articles as such, such as the higher education article, already show that it will be difficult to use monitoring and measurement methods to detect and understand under- (or over-) performance. As activities and instruments emphasize indirect phenomena and throughput measures, it will be possible to collect numbers, for example on the number of students in new health care programs, but it will be impossible to detect effects on health care, let alone effects on ‘better’ health care. It will be also impossible to understand why other things happen that parties have agreed upon. This becomes all the more clear when we take control reports and retrace control debates, e.g. in Parliament. They lack in-depth comparative understanding of how and why results differ from intentions.

So, despite a strict regime, in a formal sense, ways in which VBTB techniques and formats are applied to detect and understand ‘results’ highlight a rather *flexible* use. Such flexible usage becomes even stronger when specific policy articles are linked to other policy articles. When policy makers must clarify how their policy articles and goals are connected to other policy articles and goals, additional possibilities are introduced for ‘manipulating’ causal reasoning. Transparent inter-article connections enable policy-makers to ‘shift the blame’.

Finally, formally the VBTB-regime not only shows gaps between plans and results, but should enable key players – particularly politicians and policy managers – to correct for organizational action, but political discussions show this is illusory. Decisions to invest extra money or stop projects are less thoughtful than can be expected. Over time, the evolution of policy articles like the one introduced above is more haphazard than would be case if VBTB formalities are applied strictly.

The usage of VBTB methods is not only flexible – it is also highly influenced by *exogenous* preferences that have little to do with VBTB-logic. Changing insights into ‘knowledge economies’ and developments in fields like health care influence how projects, such as educational programs for new professionals (nurse practitioners, physician assistants), are perceived. This leads us towards real-life organizational dynamics.

5.2. Talk versus organizational action

In a more organizational sense these general ‘shortcomings’ are reflected in all sorts of dynamics that surround new routines and relations for producing budgetary articles. Conflicts between policy-makers and financial-economic experts at government ministries, for instance, have intensified, so that VBTB formats have not just acted as frameworks for coordinated action – they have been subjected to organized action.

Because organizational procedures have been altered, as they are dominated by new organizational participants – controllers, auditors, financial-economic experts – and because these new procedures have produced new meetings and paper flows, key players have really been confronted with new budgetary realities, but they have also started to experience the inability of such realities to cope with politico-administrative realities. Consequently, key players have started to complain about VBTB. Politicians and public managers complain they can not really use the formats that are prescribed by the ministry of Finance and that are institutionalized through such new meetings and paper flows. Policy officials complain about the excessive emphasis on quantification and “number crunching”.

This is not unique for VBTB. Earlier Dutch examples of turning politico-administrative systems into output- and outcome-based systems, such as the ‘famous’ Dutch ‘Tilburg model’ in the city of Tilburg show the same (e.g. Noordegraaf & Abma, 2003). Those who supported the restructuring of administrative apparatuses and thus politics, namely politicians, quickly started to complain about the disciplinary influences of new formats.

In case of VBTB real-life experiences have slowly lead to formal changes; new rhetoric was produced by organizational experiences. First of all, the ministry of Finance began relaxing VBTB’s outcome-based ambitions. Early on, the ministry started to acknowledge the fact that it proved to be difficult to clarify outcomes *and* link them to organizations and their outputs. Secondly, after a major evaluation of VBTB (2004), the cabinet decided to change budget and control formats, and started to move away from the technical optimization reflex that was mentioned earlier. In stead of increasing fact-based transparency and increasing quantification, the cabinet decided to adapt VBTB in the following respects (Letter to Parliament, 2004):

- VBTB ambitions to create accessible and readable budgets are decoupled from ambitions to create a more efficient government.
- Performance measurement and quantitative information need to be “meaningful and relevant”. Mere quantification does not imply meaningfulness; on the contrary, “formats for operationalisation and quantification, as prescribed up until the 2005 budget, are left behind.”
- Evaluation research must be meaningful. In stead of extensive (ex post) research, “a number of core questions about the ‘usefulness and necessity’ of policies might suffice.”

This underscores attempts to turn the VBTB regime into a more “*meaningful*”, or – also the words of the cabinet – a more “*substantive*” regime. This fits even more critical evaluations that show how multiple “stakeholders” perceive the presumed “objectivity and independence” of policy evaluations as barriers for more evaluative cultures in public domains (RAND, 2005). In an extensive evaluation of evaluative practices in and around central government, RAND Corporation Europe concluded that stakeholders criticize the “credibility” of evaluations; stakeholders have the feeling that “transparent procedures” are absent and that they are “excluded”.

“Generic and strict guidelines, like the guideline Performance Data and Evaluation Research Central Government are not always effective” (p. 4)

They advocate an “*evaluation culture, which is characterized by interdepartmental coordination, transparency and credibility, but with room for flexibility*” (p. 4). Such conclusions, however, do not tell us how organized policy-making really can be organized; it does not tell us how policy managers can standardize and be flexible at the same time, and how they can ‘puzzle’, but also ‘power’ amidst multiple stakeholders. This leads us towards day-to-day managerial behaviour.

5.3. Managerial action

Public policy managers rely on coping mechanisms in order to work with VBTB formats with which they can not really work. In line with earlier work on coping mechanisms, which primarily focussed on street-level practices (Lipksy, 1981; Prottas, 1979), it is possible to identify managerial *coping mechanisms*. Managers cope with contradictory circumstances by relying on cognitive, communicative and contextual mechanisms that enable them to ‘know’ what is going on, state what is appropriate, and do the things that are expected. At least three types of coping mechanisms can be traced when the work and behaviour of policy managers is studied:

1. *Strategic precisioning*, in stead of more generic notions such as ‘strategic positioning’. Policy managers try to be as specific as possible, not so much by objectively selecting numbers, indicators and instruments, but by presenting activities and measures that fit wider discourses and exogenous preferences that are ‘felt’ to be relevant for the policy article at hand.
2. *Contactual coupling*, in stead of managerialist emphases on ‘contractual coupling’. Although management contracts are established, meaningful policy

action does not flow from, but forms contracts. In order to know what can and must be done, relations with relevant others are used. Moreover, these relations are turned into activities and performance standards within VBTB frameworks. In other words, often contacts – via projects and task forces – are considered to be relevant policy outputs.

3. *Actual framing*, in stead of ‘factual’ framing. The facts and numbers that are presented throughout budgets do not really produce ‘stories’ about what has happened, what is going on, and what must be done. Policy managers develop ‘stories’ that determines what facts and numbers are considered to be relevant. They use anecdotic evidence for that.

All in all, the use of such coping mechanisms is not so much caused by specific policy problems or issues that call for day-to-day coping. It is complex VBTB-like regimes that require behavioural mechanisms in order to be ‘brought to life’. Or more specifically, it is the impossibility of matching VBTB-like requirements with real-life circumstances, flowing from ambiguous issues, which force policy managers to embrace formal intentions, but to deviate from formal intentions.

6. Conclusions

VBTB and comparable regimes are paradoxical phenomena. They are intended to rationalize policy-making and public organizations, but because they are so strict and formal, they are used flexibly and ‘manipulatively’, even by those who try to comply with formal rules as much as possible. This is not a mere matter of ‘wrong’ behaviour and outright ‘manipulation’ – it is much more influenced by the impossibility of implementing crystal-clear techniques in ambiguous surroundings. This, in a sense, highlights a much more general paradox. Whereas the social sciences have acknowledged the inability to understand social realities through strict, objective scientific views, by emphasizing and understanding the contingent and fluid nature of social action (e.g. Flyvbjerg, 2001; Yanow & Schwartz-Shea, 2006), politico-administrative realities show an increasing tendency to strengthen age-old objectivist scientific views. That this will not and can not work has been shown and argued before, whether traditional methods for rationalizing budgetary processes, such as the American Planning Programming Budgeting System (PPBS) are concerned, or whether budgetary processes have been perceived in terms of an intricate interweaving of ‘puzzling’ and ‘powering’ (Wildavsky, 1964; 2000). The fact that such arguments are ignored, when they are more relevant than ever – as ambiguities of social life are not really decreasing –, only strengthens this paradox.

Conclusions must also be paradoxical, however. The foregoing analysis shows the shortcomings and impossibility of VBTB, but it also shows how VBTB really works, and that policy managers have found all sorts of coping mechanisms to keep the system ‘alive’. This means it is not necessary to reject a VBTB-like system, as VBTB exists, but also does not exist at all. By *strategic precisioning*, in stead of strategic positioning, *contactual coupling*, in stead of contractual coupling, *actual framing*, in

stead of factual framing, policy managers find ways to meet expectations and match contemporary requests, whilst they still ‘grope along’ (cf. Behn, 1992).

At the same time, it does not mean that critique is useless, especially as VBTB – and comparable regimes – have become more than mere administrative systems. They have turned into ‘regimes’ that have acquired such force that it costs much energy to keep them running. All strict systems have a tendency to lose contact with ‘reality’, and those who are involved will find ways to bring reality in. VBTB-like regimes, however, are so much detached from reality that keeping it real has become a hell of a job. The apparent attractiveness of new discourses that emphasize ‘less bureaucracy’, ‘more professional leeway’, and ‘less grand designs’ (e.g. Scott, 2001; WRR, 2004) underscore this.

All in all, two suggestions can be made. First of all, in order to work *with* VBTB and comparable regimes, it is necessary to teach policy managers how to work *against* the system in meaningful and thus subtle ways. Being a policy manager in a new public management era calls for policy professionals that know how to play the game. Games have been adapted, rules of the game have been altered, and playing fields have been reformed, and this stimulates new policy games (cf. Lynn, 1987), but these games can be played in varied ways. Professional policy managers ‘know’ how to use strict techniques and formats in rather flexible ways.

Secondly, managerial political and energy should be spent on not letting VBTB-like systems get out of hand. Although games and rules of the game have been altered, drastic or continuous alterations are not necessarily called for. Especially when such alterations are fuelled by establishing large-scale goal-based systems/regimes, they must be criticized. The reasons are simple and known; when circumstances are ambiguous, when signals and situations are equivocal, it is senseless to organize in goal-based ways. Amidst ambiguity, organizational action is unavoidably, at least partly, goal-seeking. Organized policy action is not only meant to reach goals, it is also and perhaps mainly used to *find* goals. Professional policy managers and innovative systems do not hinder this.

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