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# **Public Management Reforms and Social Cohesion in Europe:**

## **The View from the Top**

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## **Public Management Reforms and Social Cohesion in Europe: The View from the Top**

Drawing upon data from a survey of senior public managers in ten European countries, we examine the relationship between public management reforms and perceptions of social cohesion. We find a positive connection between reforms which treat service users as customers and government openness (outward-downward reforms), and managers' perceptions of the civic culture and social solidarity within their countries. However, for reforms, such as privatization, with an outward-upward orientation, a negative association with social solidarity is observed. The theoretical and practical implications of our findings are discussed.

## **Introduction**

The reform of the public sector has arguably been one of the defining features of the public policy landscape for the past thirty years (Pollitt and Bouckaert, 2011). Nowhere more so than in parts of Europe, where governments have implemented an array of initiatives to improve the management of public organizations in pursuit of efficiency gains and better performance (Pollitt et al. 2007). The scale of this reform effort has generated much discussion about its intended and unintended effects, with some observers questioning the social impact of reforms designed to generate cost-savings and service improvement (e.g. Florio, 2013). Critically, at the same time as being subject to wide-ranging management reforms, public organizations across Europe have increasingly been charged with responding effectively to complex and intractable social problems (Jordan and Schout, 2006). Within this context, one such “wicked issue” is the degree to which citizens within any given locality or region share a sense of social solidarity and a common civic culture (Council of Europe, 2007). In fact, the pursuit of social cohesion is one of the key policy aims of the European Union (EU), in terms of regional disparities in economic growth, the equity of the distribution of services of general interest and the development of a stronger civic culture within and across European countries (European Commission, 2014). Nevertheless, although much of the policy debate and discourse around social cohesion has occurred at the supranational level, the coordination of activities that impact on cohesion tends to occur at the national (and local) level. In this paper, we therefore seek to cast light on the social consequences of public management reforms across Europe by drawing on the perceptions of top public managers in national governments to study the relationship between different types of reform and social cohesion.

The neo-liberal inspiration behind many recent public management reforms is sometimes thought to be inherently hostile to the wider public good (Clarke et al, 2007;

Harrow, 2002). As a result, many commentators have subscribed to the uncritical assumption that many of the New Public Management (NPM) style reforms carried out in recent years have resulted in deteriorations in the equity with which vital services are distributed (Harrow, 2002). Yet, despite the growing threat posed to social cohesion by the economic crisis and fiscal austerity in many European countries (Andrews, Jilke and Van de Walle, 2014), public management scholars have so far paid comparatively little attention to theorising or empirically investigating the ways in which public management reforms might influence the cohesiveness of society (for a rare exception, see Jilke and Van de Walle, 2013). By contrast, there is a growing literature in the field of public economics dealing with the effects of New Public Management (NPM) reforms, especially privatisation and liberalisation, on citizens' access to public services (e.g. Clifton et al., 2011; 2014).

Studies of the impact of privatisation tend to confirm that NPM reforms have resulted in worse service access for disadvantaged citizens, and that market-based regulation has undesirable social consequences (Florio, 2013). Nevertheless, to date, this research has largely focused on NPM-style reforms and has yet to investigate the impact of New Public Governance (NPG) type reforms, some of which are actually intended to address the “wicked issues” confronting European countries. At the same time, rather than compare the relationship between multiple public management reforms and social cohesion, most extant work in this area addresses the impact of only a single reform. The data requirements for evaluating the social impact of multiple public management reforms are quite formidable, but one way in which they can potentially be overcome is through the use of large-scale surveys of experts qualified to comment on both reforms and the cohesiveness of European societies. In this study, we therefore draw upon survey data gathered from top public managers who are able to give an expert opinion on the relative importance of different reforms within their policy area, as well as on the wider social and political circumstances within their country.

By applying a statistical model of public management reforms to top managers' perceptions of public management reforms and social cohesion, we aim to advance research in the field of public management in three ways. First, we move beyond a focus on the performance effects of reforms to examine the social impact of those reforms by using perceptual measures of different dimensions of social cohesion. Second, we explore the connection between public management reforms and social cohesion across multiple countries, rather than within a single country, thereby offering greater potential for generalizability of the findings. Third, we furnish empirical evidence on the role that the public sector can play in building social cohesion, thereby contributing to current policy debates about the role of the state in promoting public value and social innovation (Williams and Shearer, 2011).

In the next section of the paper, we discuss the concept of social cohesion in more depth and review existing studies of the social consequences of privatisation. Following that, we develop a schema for categorising the orientation of public management reforms that goes beyond the dichotomous classification of reforms as either NPM or NPG. Thereafter, we describe the data and methods we use to analyse the relationship between public management reforms and social cohesion and present the results of the analyses that we undertake. The theoretical and practical implications of our findings are discussed in the conclusion.

## **Social Cohesion and Public Management**

The concept of social cohesion is actually one of considerable theoretical pedigree within social science and has long been deployed as a means for understanding the capacity of a community to reproduce itself in the long-run (e.g. Durkheim, 1984; Putnam, 2000). Hence, sociologists often regard communities and societies as cohesive when aggregate level conditions 'are producing positive membership attitudes and behaviours' (Friedkin, 2004,

p.410). This focus on the wider attributes of a cohesive society has facilitated some broad agreement amongst many scholars and policy-makers about the kinds of positive social forces that contribute to cohesiveness. The urban geographers Ade Kearns and Ray Forrest (2000), in particular, usefully distinguish five aspects of social cohesion in this regard: common values and civic culture; social order and social control; social solidarity and reductions in wealth disparities; social networks and social capital; and place attachment and identity. For the purposes of this paper, we focus on two aspects of social cohesion - civic culture and social solidarity - that have been particularly influential within debates about the impact of public management reforms and policy action on cohesion (Council of Europe, 2007; European Commission, 2014; Lowndes and Thorp, 2011).

If citizens share common values and moral principles, this is likely to be reflected in ‘widespread support for political institutions and general engagement with political systems and institutions rather than indifference or disaffection towards them’ (Kearns and Forrest, 2000, p. 997). In the presence of such a *civic culture*, people become increasingly able to articulate, support and enact common goals, and place greater trust in public authorities’ ability to be responsive to their needs and demands (Almond and Verba, 1963). In addition, the degree to which social groups perceive there to be ‘open access to services of general benefit and protection’ (Kearns and Forrest, 2000, p. 999) plays a crucial role in building *social solidarity*. Where access to public services is perceived to be equal and where citizens are treated fairly by service providers, groups may feel more disposed to support policies and institutions aimed at benefiting the whole community (Esping-Andersen, 1990).

From a public management perspective, a civic culture and social solidarity are high-level policy goals, or social outcomes. In fact, one striking feature of the contemporary public administration landscape is the growing emphasis on outcomes-based management rather than a narrow focus on inputs and outputs, or indeed effectiveness, efficiency and results

(Perrin, 2006; Wimbush, 2011). This emphasis on social outcomes reflects the concern of policy-makers with the so-called “wicked issues” that confront governments, from family breakdown and long-term unemployment to violent extremism and global warming. Within this overarching policy discourse, social cohesion can be viewed as a meta-outcome that shapes and is shaped by multiple other social outcomes. In the EU, for example, debates about cohesion originally focused on initiatives to redress economic imbalances that might affect the process of European integration, such as the European Investment Bank and the European Social Fund, and have since grown to incorporate a wide range of other social programmes, such as the European Regional Development Fund (Robinson, 2009). More recently, the policy discourse on social cohesion in Europe has moved on to how to address inequalities in access to public services following market liberalization (Héritier, 2001), and has now turned towards the tensions between the increasingly diverse social groups within Europe’s cities (Council of Europe, 2007; European Commission, 2014).

The evolution of cohesion policy in the EU highlights that while much of the debate about social cohesion occurs at the supranational level, the activities aimed at building cohesion tend to be designed, coordinated and implemented at a lower level, by national and regional governments (Marks, 1996). In fact, European cohesion initiatives often become remoulded in line with national priorities during the implementation phase (Blom-Hansen, 2005). Moreover, research suggests that trust in the work of national political institutions plays a critical role in building a cohesive society in European countries (Andrews, Jilke and Van de Walle, 2014). Hence, analyses of the impact of public management reforms that are focused on the national level can illuminate much about the social consequences of those reforms.

But in what ways might we expect public management reforms to actually influence social cohesion? Well, firstly, such reforms might actually be designed specifically to



contribute to the development of a civic culture or to improve distributional equity. For example, the transparency agenda has evolved with the explicit aims of improving citizens' access to information about government activities and to be better able to access vital public services (see Hood and Heald, 2006). At the same time, government is responsible for the delivery of key services that often have important implications for a civic culture and social solidarity. The effective provision of schooling, social services and policing, in particular, can make an important contribution to people's sense of citizenship and the perceived equity with which key services are distributed (Kumlin and Rothstein, 2005). Thus, the selection of one or another management reform within any given policy field is likely to have an important impact on the prospects of policy interventions and service provision contributing to social cohesion. Yet, comparatively little is actually known about the impact of different management reforms on the civic culture or solidarity within European countries.

What we do know about the social consequences of public management reform is largely drawn from studies of the effects of privatization and liberalization on citizens' access to services. Much of this research suggests that citizen satisfaction with public services across Europe has narrowed as a result of EU market-based reforms in the 2000s. For example, Clifton and Díaz-Fuentes (2010) found that citizens' satisfaction with privatised utility services varied widely according to the socio-economic group to which they belonged, with older people, and individuals in rural areas being much less satisfied. Likewise, reforms in the telecommunications sector (fixed, mobile and internet) in the UK and Spain have led 'vulnerable consumers' such as the elderly, those not working and the less-educated to be less satisfied with services than their younger, working, higher-income counterparts (Clifton et al., 2011) – a pattern of findings which was observed in a subsequent study of vulnerable consumers in twelve European countries (Clifton et al., 2014). Moreover, such inequalities in service access may also be reflected in less willingness on the part of vulnerable consumers

to secure redress for poor service quality. In a study focusing on fifteen European countries, it was found that lower educated citizens are less likely to submit a complaint about a public service when compared with those with a higher education; whereas middle age respondents are more likely to do so (Jilke and Van de Walle, 2013).

In addition to the research investigating the relationship between privatisation and citizens' experience of service provision, studies have examined whether prices change in the wake of liberalisation reforms. This work too suggests that public management reforms have weakened social solidarity. Florio's (2004) study of the privatisation of British Telecom suggests that prices increased for residential customers, but fell for businesses in the wake of the reform in the 1980s. Similarly, analysis of privatisation of electricity, gas and telecom services across Europe, suggests that this led to price increases as well as lower consumer satisfaction (Florio, 2013). Indeed, a review of the existing studies of the impact of privatisation of utility services on consumer prices suggests that privatisation rarely results in the kinds of savings for customers that its advocates claim for it (Florio and Florio, 2009). Importantly, though it must be noted that studies of the effects of privatisation have yet to investigate the ways in which pricing may or may not vary across socio-economic groups. Moreover, despite the strengths of the extant research examining the social consequences of NPM, there remain significant gaps in our understanding of how the whole gamut of different public management reforms - other than NPM - have influenced social cohesion and about how one might conceptualise the contribution of those different reforms to the cohesiveness of society.

## **Public Management Reform Orientations and Social Cohesion**

Efforts to improve the management of public organizations are invariably regarded as symptoms of NPM, which advocated making government more business-like. Yet, many of the public management reforms carried out in Europe in recent years have not fitted neatly within the NPM paradigm. In addition, privatization, agencification and consumerism have not been uniformly adopted by governments throughout Europe, and even in those countries where such practices prevail, they are increasingly supplemented with techniques that rely on the “soft power” of networks and the “hard edge” of bureaucracy (Pollitt and Bouckaert, 2011). This muddying of the reform landscape, in turn, has led many commentators to advance alternative schema for exploring developments in public management, such as the New Public Governance (NPG) (Osborne, 2006) and the Neo-Weberian State (NWS) (Randma-Liiv, 2011).

The complexity of the public management reform landscape poses considerable challenges not only for the grand theorists seeking to interpret the broad sweep of institutional history, but also for empirical researchers seeking to evaluate the differential impact of reforms on social outcomes. Even if it were possible to construct aggregate measures of reform type using expert judgement or data reduction techniques, this would entail grouping together very different initiatives, which may have either complementary or contradictory relationships with relevant outcomes. The only way to capture the distinctive effects of specific reforms is therefore to analyse those effects separately (see Pollitt, 2002). Nonetheless, the development of some kind of conceptual framework within which reforms can be located is important to guide the theoretical and empirical expectations underpinning studies of reform outcomes. At the same time, it is important to go beyond simplistic accounts of the social consequences of NPM or NPG reforms.

It is not always possible to categorise a given reform as belonging exclusively to one or other of the three dominant perspectives on public management reforms (i.e NPM, NPG and NWS). For example, an emphasis on customer service is often thought to be characteristic of the business management techniques associated with NPM (Aberbach and Christensen, 2005), but is also regarded as indicative of the improved connection between bureaucrats and citizens that is a key aim of NPG and NWS reforms (Osborne, 2006; Radmaliv, 2011). This indicates that it may be necessary to develop alternative basic reform schema that capture key strategic or structural features shared by reforms that may be of differing ideological or theoretical heritage. In this paper, we utilise Mark Moore's (1995) distinction between managing inwards and outwards, and managing upwards and downwards, as a conceptual tool for understanding the basic strategic and structural orientation of different reforms.

The notion of managing inward or outward captures the strategic behaviour that a particular reform implies, while the notion of managing upwards or downwards captures the structure of decision-making authority implied by a given reform. Drawing upon Moore's work, it is therefore possible to derive four management reform orientations that can encapsulate the basic strategic aims and structural characteristics of key initiatives: *inwards-downwards* (e.g. reduction of bureaucracy within organizations); *inwards-upwards* (e.g. mergers of government departments); *outwards-downwards* (e.g. citizen participation in policy-making); and, *outwards-upwards* (e.g. external partnerships and strategic alliances with other organizations). Few initiatives are likely to represent "pure" cases of any given reform orientation. Rather there is likely to be some hybridity in the degree to which any initiative is associated with one or more orientation, especially, along the managing upwards and downwards axis. Even so, we anticipate that each of the four core reform orientations

may be likely to exhibit distinctive relationships with the strength of the civic culture and the equity with which vital services are distributed within European countries.

*Inwards-downwards* management reforms are generally assumed to improve the internal functioning of organizations by giving managers more freedom and responsibility for service delivery decisions (Osborne and Gaebler, 1993), which, in turn, might elicit greater responsiveness to citizens' needs, and thereby improve social cohesion. However, it is also possible that an inward-downward orientation leads public managers to become insular and disconnected from citizens, weakening trust in government and citizen participation. *Inwards-upwards* reforms might be expected to reduce principal-agent problems for the senior management within public organizations, and to increase the pressure on managers to develop collaborative and cross-cutting structures that are designed to meet high-level organizational goals (Keast and Brown, 2002), especially "wicked issues" such as the promotion of social cohesion. Nevertheless, the transaction costs of making enlarged or collaborative structures work may preclude an ability to effectively communicate and connect with citizens, undermining efforts to bolster the cohesiveness of society.

*Outwards-downwards* reforms are typically aimed at involving stakeholder groups more intensively in the delivery of services, and so are often expected to make those services more customer-focused by offering citizens a greater role in service production (Pestoff, 2006). Even so, the challenges in reaching out to, and communicating effectively with, and eliciting the trust of citizens may be so great (see Jung, 2010) as to rule out success in the pursuit of improvements in social cohesion. *Outwards-upwards* reforms are intended to involve external public, private and voluntary sector stakeholders more closely in the formulation, design and implementation of policy in pursuit of economies of scale, more joined-up strategic thinking and sectoral advantage (Lasker, Weiss and Miller, 2001). In theory, this should generate closer coordination across a policy field and new or innovative

practices that can contribute to the improvement of social cohesion. Still, the blurring of lines of responsibility and the challenge of resolving different sectoral logics can create dysfunctional effects that may harm social outcomes (Saz-Carranza and Longo, 2012).

It is theoretically possible that each of the four different reform orientations may be associated with improvements in social cohesion. That is, that the intended effects of different types of reform are all achieved, and that this has positive social consequences. By the same token, it is also possible that the coordination challenges that any type of reform initiative poses may result in deteriorations in social cohesion. Based on the idea that better connections between citizens and government result in positive social consequences (Bovaird, 2007), we anticipate that outward-downward reforms are most likely to be positively associated with civil servants' perceptions of social cohesion, due to the emphasis laid on citizen outcomes in those reforms. By contrast, we expect that outward-upward reforms are most likely to have a negative association with perceptions of cohesion due to the complex accountability arrangements that they require and the regulatory challenges that they pose (Florio, 2013). Hence, our review of the literature raises a number of key questions: Does a focus on improving coordination of the internal activities of public organizations lead to better social outcomes? Do externally-orientated activities have greater social impact? Is a top-down or bottom-up reform orientation best for social cohesion? To provide answers to these questions, we utilise quantitative methods to examine whether public management reforms are potentially important factors in explaining variations in the perceptions of the cohesiveness of society held by top public managers across Europe.

## **Data and Methods**

For our analysis, we use data from a comparative large-N survey of senior public sector managers conducted in ten European countries (Austria, Estonia, France, Germany, Hungary,

Italy, Netherlands, Norway, Spain, United Kingdom) in 2012. The survey was based on a full census of all central government ministries and agencies to avoid random sampling and related problems of representativeness. It covers all top and higher level public sector managers, who due to their respective positions can be expected to be involved in public management reform processes. The survey was implemented in the form of an online survey in a majority of countries with standardized versions of the webpage provided in different languages. Piloting processes were undertaken in each country to ensure that the questions reflected practitioner usage as closely as possible. Data cleaning and harmonization were carried out by a central research team at the end of the survey, to make sure that final results were comparable across countries.

The survey was launched in May 2012 and implemented in two rounds (May-July 2012, and September-November 2012). A total of over 21,000 high ranking civil servants in the ten participating countries were invited to participate via email (using either a personalized access link or an anonymous one) or post, depending on each country's predefined access strategy. Invitations were followed by reminders and in cases where response rates were low, teams took additional measures, such as phone or postal reminders, to increase the number of survey participants. The surveys were closed in November 2012 and all datasets were cleaned, checked and harmonized according to a standardised procedure. By the end of 2012, there were 4,814 valid answers available from ten participating countries and an overall response rate of 22.6%. The data in both the national and the integrated comparative datasets are subject to strict anonymity regulations, to protect individual respondents.

### *Dependent variables*

We measure social cohesion using survey questions assessing managers' perceptions of the contribution made by their central government department to the social solidarity and civic culture within their country. Informants were invited to indicate on a seven point Likert scale from 1 (deteriorated significantly) to 7 (improved significantly) the extent to which the contribution of government to social cohesion had changed in recent times. More specifically, respondents were asked: *Thinking about your policy area over the last five years how would you rate the way public administration has performed on the following dimensions: citizen trust in government; citizen participation and involvement; equal access to services; fair treatment of citizens; and social cohesion.* The first two items tap government's contribution to civic culture, the second two, its contribution to social solidarity, while the final item is intended to capture the overall contribution of government to the cohesiveness of society within each country.

Although the responses to these questions are highly subjective, there are some advantages in drawing measures of social cohesion directly from senior public sector managers rather than from citizen surveys as has been in the case in several previous studies examining the social consequences of NPM-style reforms (e.g. Clifton et al., 2014; Florio, 2013; Jilke and Van de Walle, 2013). Firstly, by drawing on the perceptions of top public managers we are able to assemble a dataset that can incorporate the whole gamut of public management reforms from NPM to NPG and NWS. Thus, rather than being limited to the investigation of one or two key reform initiatives, such as is the case for prior work focused on privatisation, we can begin to develop an overarching assessment of the social consequences of a range of different reforms. Secondly, matching the perceptions of managers in central government about the reforms within their policy area with their perceptions of social cohesion circumvents the risk of drawing inferences about the impact of



reforms from general social survey data which may or may not be related to policy matters. Thirdly, senior managers tend to view civic culture and social solidarity from the standpoint of public policy, whereas citizens tend to view such questions through the prism of the national media or their experiences within local settings (Pidd and Hayes, 2005). Indeed, since senior public sector managers are accustomed to, and responsible for, making judgments about the social and economic circumstances of their country, it seems fair to suggest that can estimate the quality of life within that country with some accuracy.

### *Independent variables*

The survey asked informants to comment on the prevalence of different reforms within their part of central government. In particular, they were asked to indicate how important a variety of different reform trends were in their policy area on a seven point Likert scale from 1 (not at all) to 7 (to a large extent). Within the context of our analysis we focus on managers' responses to whether the following reform trends were important: *inward-downward* – bureaucracy reduction/cutting red tape, public sector downsizing; *inward-upward* – collaboration and cooperation among different public sector actors, mergers of government organizations; *outward-downward* – treatment of service users as customers, transparency and open government; *outward-upward* – contracting out, privatization, external partnerships and strategic alliances. To illustrate the hybrid nature of each reform, we plot each of them on a two by two graph in Figure 1, placing the reforms at different points within the graph to highlight how they fit within the model.

[Figure 1 about here]

Because the data for all the variables of the study were collected from the same respondents, we tested whether common method bias might have impacted the relationships that we study. To do so, we performed Harman's single-factor test, finding that the variables loaded onto four distinct factors with eigenvalues greater than one. The four factors accounted for almost 60 per cent of the total variance, and the first factor did not account for the majority of the variance (28%). As a result, we have some confidence that our statistical estimates are not biased by common method variance (Podsakoff and Organ, 1986).

### *Control variables*

A number of individual-level variables are introduced that may influence the relationships being studied, beginning with the gender, age and education of top public managers. With regards to gender, a dichotomous variable is constructed by coding male respondents one and female respondents zero. Respondents' age is measured by five categories (35 or less, 36-45, 46-55, 56-65 and 66 or older). Using age 35 or less as the reference category, four dichotomous variables capturing the other age groupings were included in the statistical model. By asking respondents their highest level of qualification, the education level is captured in relation to three categories (graduate, post-graduate (Masters level) and doctoral degree). Two dichotomous variables -coded one for post-graduate and doctoral degree respectively and zero otherwise- were added to the model, with graduate degree level of education used as a reference category.

Additional controls for individuals' job characteristics are also included in the model. Firstly, respondents' length of tenure within the organization was measured using five categories (less than one year, one to five years, five to ten years, 10 to 20 years and more than 20 years). Using less than one year as the reference category, four dichotomous variables capturing the other length of tenure categories were included in the model. Secondly, the

place respondents' occupied within the management hierarchy was gauged by asking them to indicate what kind of position they currently held in the organization. Two dichotomous variables coded one for top and second hierarchy level respectively and zero otherwise were added to the model, with the third hierarchical level used as the reference category. Thirdly, respondents were asked to identify the type of organization in which they worked from amongst five groupings (ministries of central government, agencies at central government level, ministries at regional level, agencies at regional level and other agencies at a subnational level). In this case, working for central ministry was taken as the reference category and dichotomous variables capturing working within the other types of organization were entered into the model. Fourthly, a continuous variable for size, ranging from zero to over 5,000 employees, was included in the statistical model. The descriptive statistics for all the variables used in the statistical modelling are shown in Table 1. Skewness tests revealed that the variables were all normally distributed.

[Table 1 about here]

## **Statistical results**

Our initial statistical analysis revealed that civil servants' perceptions of one dimension of social cohesion were strongly related to their perceptions of the other dimensions of cohesion, even when controlling for other important determinants of those perceptions. We therefore used seemingly unrelated regressions (SUR) to control for correlations between the error terms across separate regression models for the different dimensions of social cohesion (Martin and Smith, 2005). The correlations between the residuals from the separate equations are shown in Table 2. SUR transforms the standard errors so that they all have the same variance and are no longer correlated, which thereby provides coefficients for the

independent variables in each separate equation that are purged of any association with the tendency of civil servants to rate one dimension of social cohesion highly to do so for another. The results are, in effect, a “pure” model of each respondent’s perception of social cohesion.

We present the results of our SUR model in the following sequence. The first model regresses the independent and control variables on to the measure of perceived citizen trust in government; the second model regresses the same variables on to the perceived citizen participation measure; the third model on to the perceived equal access measure; the fourth model on to the perceived fair treatment measure; and the fifth model on to perceived social cohesion. The average Variance Inflation Factor (VIF) score for the independent variables in all of our models is less than 3, so the results in Table 3 are not likely to be distorted by multicollinearity (Bowerman and O’Connell, 1990). After running a Breusch-Pagan test we found there was no heteroskedasticity among the five equation models. We estimate our models using country unit fixed-effects to account for potential clustering effects and unobserved heterogeneity across countries. Ramsey’s (1969) RESET test for omitted variables for separate OLS models did not reject the null hypotheses of no omitted variables, a result that gives us some confidence that the models are well-specified. Near-identical results to those presented below were achieved using separate ordered probit models (available on request).

[Table 2 about here]

The statistical estimates presented in Table 3 indicate that our models account, on average, for about 17 per cent of the variation in senior public managers’ perceptions of the contribution that their policy area made to social cohesion within their country. The

coefficients for the control variables suggest that organization size matters only for the fair treatment of citizens, and that male respondents perceive performance on trust in government and fair treatment to have improved but citizen participation to have worsened. At the same time, older respondents generally appear to be more negative about performance on each of the dimensions of social cohesion, whereas those with higher degrees, longer tenure and greater seniority largely tend to have a positive view of performance on the different aspects of social cohesion – as do those respondents working outside central ministries, apart from for performance on citizen participation.

[Table 3 about here]

In terms of the variables of substantive interest, we can observe that for *inward-downward* reforms public-sector downsizing has a statistically significant association with weakened citizen participation and overall social cohesion. This result is perhaps unsurprising given the social troubles and tensions in many European countries that have scaled back the size of the state (Ponticelli and Voth, 2011). Nonetheless, it is important to note that downsizing isn't actually associated with worse trust in government, equal access to services or fair treatment, at least in the minds of the senior public managers we surveyed. Further research is therefore required to disentangle the ways in which the crisis may or may not be affecting social cohesion in countries across Europe. In stark contrast to the findings for downsizing, bureaucracy reduction is associated with improvements on all five measures of social cohesion: the coefficient for bureaucracy reduction is consistently positive and statistically significant. This highlights that attempts to give managers more freedom to manage may be resulting in improvements to public organizations' efforts to create a more

cohesive society. In fact, the potential benefits of the ‘entrepreneurial state’ for community development, as much as economic growth, have long been recognised (Eisinger, 1986).

*Inward-upward* reforms show a contradictory pattern of results. The coefficient for mergers is negative in four of the five models, but only statistically significant for equal access; whereas the coefficient for intra-sectoral collaboration is positive and statistically significant for all five models. Thus, it seems as if senior public managers believe that forced mergers of government organizations have resulted in deteriorations in the equality of access to public services. However, efforts to promote collaboration between the government actors operating within the same sector appear to be having an important cohesion pay-off. These findings suggest that the New Public Governance approach to structural change within government, which relies on encouraging collaboration and co-operation between relevant actors, may offer a greater prospect of success in improving cohesion than the kind of “classic” restructuring that governments often undertake to achieve desired policy goals (though see James and Nakamura, 2013). The analysis presented here mirrors findings from work that suggests “joined-up” government can be an effective approach to enhancing the cohesiveness of society (Andrews, Downe and Guarneros-Meza, 2014).

When we turn to *outward-downward* reforms, the coefficients for treatment of service users as customers and transparency and open government are positive and statistically significant across all five models. This indicates that these reforms appear to be having positive effects in terms of encouraging the growth of a civic culture and social solidarity, as well as on the overall experience of social cohesion. Private sector studies suggest that there is a strong link between good customer care and perceptions of fair treatment (e.g. Bies and Moag, 1986), and it seems as if this “personalised” approach may be garnering benefits for public services as well. Likewise, research indicates that the availability of performance information may be associated with a wide range of benefits for local citizens (e.g. James,

2011). Our results imply that managers in central government also see the advantages of transparency and accountability mechanisms for the citizenry at large. Nevertheless, the corollary of these results, of course, is that where these reforms are not in evidence it is quite possible that social cohesion suffers.

Finally, the *outward-upward* reforms we examine appear likely to have divergent effects depending upon the extent to which they involve the divestment of government services rather than the development of collaborative relationships with organizations outside government. The results show that privatization reforms have a negative relationship with the two social solidarity measures. Our analysis therefore affirms the findings from a wide range of studies about the deleterious effects of private sector involvement in public services on service equity (e.g. Amirkhanyan et al., 2008). By contrast, external partnerships have a positive effect on equal access to services, citizen participation and overall social cohesion. In practice, such partnerships may be instituted to pursue large-scale social as well as economic programmes that bring wider benefits to society. For example, large-scale area regeneration projects that bring together stakeholder groups from the public, private and voluntary sectors, and these can sometimes bring marked social improvements (Foden et al., 2010). Our evidence is therefore suggestive of the merits of such large-scale schemes.

The results of our statistical tests for associations between the different reform orientations and our measures of civic culture and social solidarity are summarised in Table 4. The summary results indicate that according to senior public managers, public management reforms have tended to either have a positive or no effect on civic culture, but a much more mixed relationship with social solidarity. As noted above, outward-downward reforms seem to bring benefits for both civic culture and social solidarity, whereas outward-upward reforms have little effect on civic culture and a negative relationship with social solidarity. The pattern of findings for inward-orientated reforms is more complicated, perhaps

reflecting the weaker connection with the citizenry that an inward focus implies. In sum, our findings suggest that investments in open and transparent government, a greater customer focus and reductions in bureaucracy may have had a positive pay-off for social cohesion, while privatisation, contracting out and mergers of government agencies may have had the reverse effect.

[Table 4 about here]

## **Conclusion**

In this paper, we have explored whether different types of public management reforms have varying effects on the perceptions of the cohesiveness of European societies based on their inward-outward and downward-upward orientation. We find that outward-facing reforms are most likely to be associated with variations in senior public managers' perceptions of social cohesion within their country. On the one hand, reforms which are outward and downward in orientation, such as a customer focus and transparency and openness in government, are associated with perceived improvements in the civic culture, social solidarity and overall cohesion in European countries. On the other, reforms that are outward and upward orientated and that are formal in orientation, such as privatization, are associated with perceived deteriorations in measures of social solidarity especially. Our findings therefore suggest that some NPM style reforms, such as privatization, have had a detrimental effect on the cohesiveness of European societies, whereas, others, such as a customer focus are perceived to have had a beneficial effect. At the same time, the types of reforms that are associated with the New Public Governance, such as transparency and intra-sectoral collaboration, appear to be having a beneficial effect on cohesion. These findings have important theoretical and practical implications.



The analysis expands on existing work on the impact of public management reforms in a number of important ways. First, it develops a framework for categorising types of reform that does not rely on the kind of overarching meta-theory of public management reform that is difficult to operationalize empirically (e.g. Pollitt and Bouckaert, 2011). Previous research has tended to get around this problem by analysing discrete reform practices, such as marketization or contracting out (Hansen, 2010; Nemeč et al., 2005), with the consequence that one often has only a very narrow slice of the reform landscape (though there are partial exceptions, see, for example, Alonso et al, 2013; Andrews and Van de Walle, 2013). Second, the analysis focuses on the issue of social cohesion. Although public economists have studied the social consequences of privatisation, most extant public management research is concerned with the impact of reforms on costs or efficiency (see Andrews, 2010). The focus on social cohesion is particularly important given that it is regarded as one of the “wicked issues” confronting contemporary government that is beyond the scope of NPM-type reforms. Finally, by theorizing and empirically testing the possibility that the impact of reforms varies by their inward-outward and downward-upward orientation, we offer an extension of existing theory and evidence about the nature of reforms in the public sector and their likely effects that goes beyond simplistic accounts of NPM and NPG.

Our analysis suggests that senior public managers believe that reforms that are orientated upwards and outwards have generally had few benefits for social solidarity within our sample countries, yet there are other reforms which are more positive; in particular, those with a downward and outward orientation. These findings illustrate that there may be a pattern to the impact of management reforms on some key outcomes, and point to the need for public policy-makers and managers to think carefully about whether the benefits for social cohesion that may accrue from some types of reform outweigh any costs for other social or organizational outcomes, such as economic growth and efficiency. However, it is

important to note that within three of our reform orientations the relationship between specific initiatives and social cohesion varies, depending largely upon whether an initiative is collaborative in its approach. For public managers, collaboration and “joining-up” is known to be challenging (Dickinson and Glasby, 2010), and is something that policy-makers frequently advocate but often feel does not deliver as effectively as is hoped (Miles and Trott, 2011). The statistical results we present, though, suggest that collaborative approaches to public management can be utilised effectively in pursuit of a range of desired societal outcomes.

By working more closely with colleagues in other parts of government, public managers may well be able to find ways to build synergies in policy effort that have a positive pay-off for citizens’ sense of trust in government and solidarity with each other. For instance, multi-agency approaches may be especially apt means for tackling issues symptomatic of social disorganization, such as youth crime and disorder, that when effectively addressed can enhance social trust and cohesion (Andrews, 2011). At the same time, the development of strategic alliances with key external stakeholders may also bring benefits as cross-sectoral collaboration can facilitate the development of new capabilities with the potential to create social value in unexpected and innovative ways (Mahoney et al., 2009). For example, econometric analyses of community-led, but government-supported approaches to urban regeneration suggest such work can make a positive contribution to residents’ quality of life in terms of access to services and citizen participation (Wilson, 2012). On the whole, our findings therefore affirm that the use of “soft” tools of governance more widely could offer a strong prospect of improved social cohesion. By contrast, the results suggest that privatization, in particular, is likely to have a negative effect on social solidarity. This finding accords with research on the effects of liberalization and citizen access to services (e.g. Clifton et al, 2011; 2014), and like that work, implies that policy-

makers should explore alternative forms of service delivery with potentially less socially divisive effects before they resort to wholesale transfer of public services into private ownership.

Although our findings offer new and interesting insights into the impact of public management reforms, the study has a number of clear limitations that speak to the need for further research. Firstly, our results are based on cross-sectional survey taken at a single point in time. Future research that drew upon a longitudinal design could enable the relationships between cause and effect to be disentangled much more effectively than we are able to on this occasion. It is quite possible that improvements in cohesion lead to a predilection for reforms that are outward and downward in orientation. Or put differently, that the citizens in cohesive societies are much easier to treat as customers or as educated consumers of political information. Thus, studies that draw upon a panel of data to examine the interrelationship between multiple reforms and social cohesion would cast important light on the dynamics of public management reform and social progress. At the same time, our survey data do not necessarily enable us to capture the full scope of the public management reforms that have been implemented. Linking together the full range of available survey and administrative datasets could begin to capture some of the complexity of the impact of reforms on social cohesion, but there is still a place for the kind of meta-theoretical analysis that can underpin broader propositions about the complex interweaving of reforms and their outcomes. Going forward, the search for innovative ways to blend conceptually-grounded empirical analysis with the insights from historical institutionalism could generate vital new directions for public management research.

Secondly, we draw upon the perceptions of senior public managers for our analysis. These perceptions may be unduly influenced by subjective biases, especially those associated with social desirability when managers are asked about the success of the work in which they

are involved. Unfortunately, it is not possible to investigate the extent to which managers' psychology may be responsible for our findings using the data that we have available. Nevertheless, it is conceivable, for example, that the positive connection that we identify between NPG-style reforms reflects the time and effort that managers have devoted to them. By contrast, the top-down imposition of outward-upward reforms, such as privatisation, may have elicited a more negative response due to the lack of managerial involvement in their design and implementation. In fact, the preference for inward-upward and outward-downward reforms might reflect managers' desire to convey a positive image of the government responsible for their introduction. Likewise, managers' views about social cohesion may or may not be correlated with citizens' perceptions of social cohesion, or, indeed, with objective indicators of the cohesiveness of a society. By controlling for demographic, managerial and organizational variables, we hope to have eradicated several potential sources of subjective bias, but it would be preferable in subsequent research to capture individual managers' attitudes toward or direct involvement in the public management reforms that we study.

In summary, our study illustrates that simplistic accounts of the costs and benefits of NPM or NPG do not fully capture the complex nature of the impacts of different reforms. It is therefore important to develop a rounded picture of the multiple ways in which the design and implementation of public management reforms might influence the intended and unintended outcomes of those reforms. Rather than being dependent upon the ideological inspiration behind a reform, our study suggests that the impact of changes in public management may also be contingent upon the inward-outward and downward-upward orientation of reforms. Thus, future research should seek to investigate in more depth when, and in what circumstances, different reform orientations are more or less likely to contribute to the achievement of policy-makers' goals.

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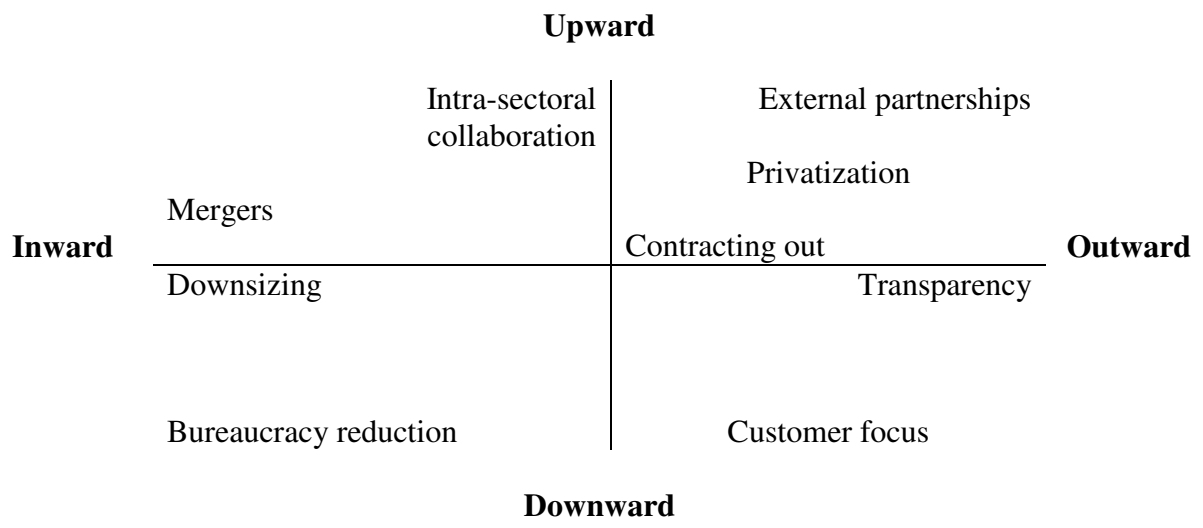
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**Figure 1**      **Public management reform orientations**



**Table 1: Descriptive statistics**

	Mean	Min	Max	s.d.	N
Citizen trust in government	3.46	1	7	1.35	4227
Citizen participation and involvement	3.90	1	7	1.34	4239
Equal access to services	4.41	1	7	1.32	4215
Fair treatment of citizens	4.53	1	7	1.30	4225
Social cohesion	3.61	1	7	1.24	4179
<i>Inward-downward reform</i>					
Bureaucracy reduction	4.57	1	7	1.84	4383
Public sector downsizing	5.13	1	7	1.79	4418
<i>Inward-upward reform</i>					
Mergers of government org.	4.28	1	7	2.02	4348
Intra-sectoral collaboration and cooperation	5.08	1	7	1.53	4361
<i>Outward-downward reform</i>					
Treatment of service users as customers	4.75	1	7	1.82	4342
Transparency and open government	4.74	1	7	1.81	4311
<i>Outward-upward reform</i>					
Contracting out	3.56	1	7	1.79	4359
Privatization	2.58	1	7	1.71	4302
External partnerships and strategic alliances	4.29	1	7	1.81	4325
<i>Controls</i>					
Organization size	3.72	1	6	1.52	4754
Male	.68	0	1	.47	4237
Aged 35 or less	.06	0	1	.23	4296
36-45 years	.20	0	1	.40	4296
46-55 years	.41	0	1	.49	4296
56-65 years	.32	0	1	.47	4296
66 year or more	.01	0	1	.09	4296
Graduate degree is highest qualification	.16	0	1	.37	4131
Postgraduate degree (MA level)	.69	0	1	.46	4131
Doctoral degree	.15	0	1	.36	4131
Under 1 year in the organization	.04	0	1	.21	4111
1-5 years in the organization	.29	0	1	.45	4111
5-10 years in the organization	.19	0	1	.39	4111
10-20 years in the organization	.25	0	1	.43	4111
20+ years in the organization	.23	0	1	.42	4111
Top level	.25	0	1	.43	4502
Second level	.38	0	1	.49	4502
Third level	.37	0	1	.48	4502
Central ministry	.35	0	1	.48	4747
Central agency	.30	0	1	.46	4747
State or regional ministry	.16	0	1	.36	4747
State or regional agency	.10	0	1	.30	4747
Other subnational body	.09	0	1	.29	4747

**Table 2: Correlation matrix of OLS residuals**

	Citizen trust	Citizen participation	Equal access	Fair treatment
Citizen participation	.28			
Equal access	.35	.38		
Fair treatment	.39	.38	.76	
Social cohesion	.38	.55	.38	.26

**Table 3: Public management reforms and perceptions of social cohesion**

	Trust in gov't	Participation	Equal access	Fair treatment	Social cohesion
Public sector downsizing	-.002 (.014)	-.043** (.014)	.011 (.014)	.007 (.013)	-.024+ (.013)
Bureaucracy reduction	.053** (.015)	.050** (.015)	.075** (.015)	.073** (.014)	.045** (.014)
Mergers	-.016 (.012)	.003 (.012)	-.040** (.012)	-.021+ (.012)	-.008 (.012)
Inter-sectoral collaboration	.052** (.018)	.080** (.018)	.084** (.018)	.070** (.017)	.066** (.017)
Customer focus	.046** (.014)	.046** (.014)	.084** (.014)	.097** (.013)	.029* (.013)
Transparency	.108** (.017)	.124** (.017)	.083** (.017)	.088** (.016)	.111** (.016)
Contracting out	.000 (.014)	.014 (.014)	-.024+ (.014)	-.016 (.013)	.006 (.013)
Privatization	-.003 (.016)	-.006 (.015)	-.041** (.015)	-.047** (.015)	-.021 (.015)
External partnerships	.017 (.016)	.036* (.015)	.031* (.015)	.008 (.015)	.043** (.015)
<i>Controls</i>					
Organization size	-.000 (.000)	-.000 (.002)	.003 (.002)	.004* (.002)	-.001 (.002)
Male	.118* (.049)	-.161** (.048)	.024 (.048)	.078+ (.046)	-.030 (.046)
<i>Age (reference category under 35 years)</i>					
36-45 years	.237* (.106)	-.180+ (.105)	-.134 (.104)	-.065 (.099)	-.115 (.099)
46-55 years	.219* (.106)	-.242** (.105)	-.127 (.104)	-.041 (.099)	-.134 (.099)
56-65 years	.080 (.109)	-.354 (.108)	-.262* (.108)	-.157 (.103)	-.201* (.102)
66 years or more	.451+ (.264)	-.347 (.261)	-.192 (.260)	.187 (.249)	-.190 (.246)
<i>Education (reference category – degree)</i>					
Postgraduate degree (MA level)	.029 (.069)	.116+ (.068)	.006 (.068)	-.088 (.065)	.052 (.064)
Doctoral degree	.115 (.087)	.178* (.087)	-.092 (.086)	-.086 (.082)	.063 (.082)
<i>Tenure within the organization (reference category under 1 year)</i>					
1-5 years in the organization	.029 (.110)	.215 (.109)	.146 (.108)	.049 (.103)	.125 (.103)
5-10 years in the organization	-.010 (.114)	.184 (.113)	.153 (.112)	.065 (.107)	.054 (.106)
10-20 years in the organization	-.014 (.112)	.189+ (.111)	.115 (.110)	.013 (.105)	.080 (.104)
20+ years in the organization	.082 (.116)	.065 (.115)	.245* (.114)	.118 (.110)	-.000 (.108)
<i>Position within hierarchy (reference category third level)</i>					
Top level	.118+ (.063)	.183** (.063)	.101 (.063)	.071 (.060)	.019 (.060)
Second level	.013 (.056)	.033 (.055)	.030 (.055)	.022 (.052)	-.040 (.052)
<i>Organization type (reference category central ministry)</i>					
Central agency	.002 (.060)	-.233** (.060)	.074 (.060)	.063 (.057)	-.093+ (.056)
State or regional ministry	.038 (.074)	.088 (.073)	.140 + (.073)	.205** (.070)	.102 (.070)
State or regional agency	-.001 (.085)	-.038 (.084)	.031 (.084)	.093 (.080)	.056 (.079)
Other subnational body	.007 (.093)	-.181* (.092)	.257** (.092)	.296** (.088)	.155+ (.087)
(Constant)	1.864** (.195)	2.515** (.1938)	2.745** (.192)	2.854** (.184)	2.312** (.182)
F statistic	19.57**	17.38**	16.93**	19.67**	15.70**
R <sup>2</sup>	0.185	0.168	0.164	0.186	0.154

Notes: number of observations = 3134. +  $p < 0.10$ ; \* $p < 0.05$ ; \*\* $p < 0.01$ . Coefficients for country fixed effects not shown.

**Table 4: Summary of impact of management reform orientations**

Reform orientation	Civic culture			Social solidarity		
	Number of tests			Number of tests		
	+	NS	-	+	NS	-
Inward-downward	2	1	1	2	2	0
Inward-upward	2	2	0	2	0	2
Outward-downward	4	0	0	4	0	0
Outward-upward	1	5	0	1	2	3
	9	8	1	9	4	5

Note: + = positive and statistically significant; NS = not statistically significant; - = negative and statistically significant