

Chapter 10 CO-EXISTENCE? NPM IN A NETWORK WORLD

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Introduction

This chapter discusses the role and importance of New Public Management (NPM) in changing world, where the network model has been proposed as the applicable paradigm. The focus remains on performance management, a seminal feature of the NPM since its outset, which has been severely criticised by network proponents.

In the NPM model, performance management plays a central role in ensuring efficient and effective service delivery. Over the last 30 years, the NPM logic has prompted the public administration sector to adopt key performance indicators for planning, controlling, and monitoring organisational units, service delivery systems, and individuals (Lapsley, 2022). The context in which this performance frame developed was coherent with the NPM logic, in terms of the cumbersome public sector being split into hierarchically dependent subunits, combined with a desire for greater accountability and an easily traced line of responsibility between inputs and outputs. This theoretical configuration, consisting of a single body in charge of overall service delivery, was fertile ground for promoting management and control, performance measures based on efficiency and effectiveness indicators (Jackson and Palmer, 1992; Christensen and Lægreid, 2001; Dunleavy et al., 2005).

This deconstructed and hierarchical public sector configuration was pursued in almost all Western countries, with regional and local administrations setting agencies to control such smaller units. However, the underpinning aspiration for organisational units operating in isolation turned out to be an impossible dream because of the high degree of interconnections in complex public service delivery systems. Irremovable horizontal relationships are plainly visible in all complex public service delivery arrangements and are one of the issues that stimulated reflection on the failure of NPM and the proposal of a network paradigm. In this configuration, public services are no longer delivered by an individual organisation, but are shaped by the joint efforts of several private and/or public institutions. Interorganizational relationships and trust-based relationships are considered common features of the network paradigm (Osborne, 2006; 2010). Performance management, however, has not disappeared in this network configuration but is still pushed, albeit in a new mould, as it was in need of deep transformation, leading to the emergence of networking accounting, horizontal accountability (Provan and Milward, 2001; Herranz, 2010), and voluntary “open book accounting” (Kajüter and Kulmala, 2005). A major pitfall in this theoretical proposal is not knowing or realising that performance management is not only a technical matter but also a constitutive element (Chua, 1995) and a power process (Rose and Miller, 1992). Following this logic, “accounting did not just passively reflect an unproblematic economic reality. Instead, it actively transformed existing representations” (Chua, 1995, p. 115). Moreover, “accounting numbers are constructed to

accommodate and persuade diverse interests within organisations” (Baxter and Chua, p. 102), affecting power dynamics.

In this chapter, we argue that performance management in the network paradigm is a narrative illusion. Taking the transport service as an example, this chapter endorses a critical position and questions the fit of NPM-based performance measures in a network world by adopting the performance management lens. Can NPM—introduced in a highly hierarchical context with a dominant single organisation that delivers a service—fit into a network paradigm defined by service delivery networks and horizontal relationships? This discussion will be presented alongside the performance management adoption path that encompasses performance management system (PMS) design, implementation, and use.

The chapter is organised as follows. The distinctive features of NPM are discussed, followed by how NPM evolved into the network paradigm. The distinctive features of the network paradigm are presented in the existing literature on measures and key performance indicators (KPIs) in this setting. The empirical case of a public transport system will be introduced as a case for discussion, with the aim of prompting a broader discussion on the controversies arising from the co-existence of NPM and the network paradigm.

NPM and the network paradigm

New Public Management (NPM) has stimulated a lively academic debate over the past 35 years, with the issue of performance management retaining its central role in the debate (Lapsley, 2022). Dozens of papers have been published since the first paper mentioning NPM came out in 1983, with almost 18,000 articles found when the keywords “new public management” were used to probe the Scopus search engine (limiting the search to abstract, title, and keywords), with an increasing trend that peaked in 2018 (Figure 1). Although the overall number of articles on NPM found on Scopus has increased annually, the academic debate around NPM has never faded. On the contrary, its suggested failure (Dunleavy et al., 2006; O’Flynn, 2007; Lapsley, 2009; Walker et al., 2011) has fueled and revitalized the discussion.

INSERT FIGURE 10.1 HERE

The NPM paradigm is traditionally dated to the seminal paper by Christopher Hood (1991), “A Public Management for All Seasons?”. The first contribution introducing the idea of NPM, however, dates back to 1983:

“Critics of public management lament government’s failure to use more business-like methods. This criticism implies that the private sector is better managed than the public sector. Although this is not always the case, there are many techniques that have proved successful in the private sector that can be applied to public management problems. Public management traditions are changing. More sophisticated measures of program effectiveness are being developed. Some aspects of competition can be harnessed for better public management. Public managers are increasingly aware of such techniques and have used them when there has been political support. New public management techniques will be used only if political support for the consequences of these techniques can be mobilized.” (Kramer, 1983, p. 91)

Although it did not conceptualise the NPM paradigm, Kramer's study underlined the importance for the public sector to adopt business-like techniques, predicting what was to happen in the near future: "Public managers in the 1980s and beyond will often have the tools to improve efficiency of operations. Increasingly, they will use these tools. It does not necessarily follow, however, that increased use of management tools in government will automatically lead to greater effectiveness" (Kramer, 1983, p. 102).

The developments in public management over the next few years following Kramer's seminal work can be summarized as follows: business-like management techniques were introduced, especially the set of performance measures for improving efficiency and effectiveness in public service delivery, leaving open the question of whether this led to an improvement in the results achieved by the public institutions themselves. More precisely, NPM can be set out in seven "doctrinal paradigms" (Hood, 1991, pp. 4-5):

- 1 "Hands-on professional management' in the public sector
- 2 Explicit standards and measures of performance
 1. Greater emphasis on output controls
 2. Shift to disaggregation of units in the public sector.
 3. Shift to greater competition in public sector
 4. Stress on private sector styles of management practice
 5. Stress on greater discipline and parsimony in resource use."

These "doctrinal paradigms" (Hood's words) stimulated the wide diffusion and adoption of (and then academic debate into) a set of efficiency- and effectiveness-based indicators, linked under the slogan "do more with less" (Hood, 1991, 1995) and with a target value to be achieved. Moreover, for these performance measures to function, public sector institutions had to be manageable and controllable. The input-activities-output nexus had to be clearly identified, as this was considered necessary to determine a clear line of accountability, set a precise target, and ensure control over the results achieved. This pushed toward the disaggregation of the public sector into smaller "standardised" units, each with an identified output and its own measures of efficiency and effectiveness (Dunleavy and Hood, 1994; Lapsley, 1999). Several authors discussed matters of fragmentation, marketisation, and contracting out of public services, with contrasting views advanced by the proponents of NPM, who upheld the ease with which measuring performance and results could be measured, and the more skeptical positions, which placed emphasis on the fragmentation brought about by the introduction of hierarchically dependent units (Christensen and Lægreid, 2001; Dunleavy et al., 2005).

The debate around NPM has continued, although now with some skepticism about its effectiveness (Dunleavy et al., 2006; O'Flynn, 2007; Lapsley, 2009; Walker et al., 2011). Several scholars have often underlined the limits of adapting business-like techniques in the public sector, declaring that, for example, "the new public management is dead" (Dunleavy et al., 2006), "the new public management is the cruel invention of the human spirit?" (Lapsley, 2009), or "the new public management gone mad" (Walker et al., 2011).

"The intellectually and practically dominant set of managerial and governance ideas of the last two decades, new public management (NPM), has essentially died in the water. This cognitive and reform schema is still afloat, and a minority of its elements are still actively developing. But key parts of the NPM reform message have been reversed because they lead to policy disasters, and other large parts are stalled." (Dunleavy et al., 2006, p. 468)

The quote above is just an example of the various critical positions taken regarding the effectiveness of new public management. These critics, in a range of different nuances, refer to the impossibility and/or controversial effects of translating business-like techniques and an organisational approach to the very different context of public sector institutions (Arnaboldi et al., 2015).

Alongside the debate on NPM, in the 2000s, public sector scholars began discussing what they referred to as the network paradigm (Polidano and Hulme, 2001; Steane and Carroll, 2001; Osborne, 2006; Provan and Lemaire, 2012). The connotation of the network paradigm is less clearly defined, and although several key elements have been advanced, it is in a rather dispersed fashion. Although the network paradigm is considered an “umbrella term” (Christensen and Læg Reid, 2010; Christensen, 2012), there are three main distinctive shifts in the transition from NPM to the network paradigm.

The first shift is associated with the move from “new management” to “new governance” (Radcliffe and Dent, 2005), in which a public service is conceptualised as a set of interconnections between public, private, and non-profit institutions that no longer depend hierarchically on central government, and together form a network that is in charge of managing public services across different jurisdictions and sectors:

“It [*New Public Governance*] posits both a *plural state*, where multiple interdependent actors contribute to the delivery of public services, and a *pluralist state*, where multiple processes inform the policy-making system. Drawing upon open natural systems theory, it is concerned with the institutional and external environmental pressures that enable and constrain public policy implementation and the delivery of public services within such a plural and pluralist system. As a consequence of these two forms of plurality, its focus is very much upon interorganizational relationships and upon the governance of processes, stressing service effectiveness and outcomes that rely upon the interaction of PSOs with their environment.” (Osborne, 2010, p. 9)

The second shift relates to the reintroduction of “public value” (O’Flynn, 2007; Goldfinch and Wallis, 2010), going beyond the business-like logic linked to efficiency and effectiveness. There has been growing recognition that “public managers do more than steer a market process; they balance technical and political concerns to secure public value” (Hefetz and Warner, 2004, p. 171). Public value has also remained an elusive concept, although it is associated with social cohesion, democracy, and cultural and economic development (O’Flynn, 2007). In terms of performance management, the notion of public value has stimulated the introduction of other performance measures intended to quantify the outcomes and equity of public services (Norman, 2007; Try and Radnor, 2007). The common element of these two post-NPM “shifts” is their distance from the private sector model, which is claimed by many to be ineffective.

A third distinctive feature is the “network”. Proponents (Kenis and Provan, 2009; Provan and Lemaire, 2012) claim that networks are the solution to the fragmentation created by the devolution and agentification of NPM, in which the “iron cage” has been divided into subunits, which allows for controlling and connecting the output to input. Setting a network (a public network) as a new theoretical development was powerful. At the academic level, a network is a polymath object that stimulates a wide variety of perspectives and research methodologies, ranging from quantitative social network analysis (e.g., Napuku and Demiroz, 2011) to qualitative investigations into relationships (e.g., Agostino and Arnaboldi, 2015). Networks are also narratively useful in policy agendas to justify the need for reassembling public services after the deconstruction of NPM but without reconstructing the “iron cage”.

One issue that has never changed throughout NPM and the network paradigm narrative is the fact that public services are not considered satisfactory. Governments spend too much on them, and the long arm of the financial crisis and COVID-pandemic have exacerbated the need to rationalise resources (Hodges and Lapsley, 2016; Lapsley, 2022) and hence to improve efficiency. Additionally, public service effectiveness is said to be in need of an overhaul, although this need is more closely positioned alongside the changed needs of users and the need to personalise and co-produce services (Osborne et al., 2016).

Network as a narrative illusion?

As highlighted in the previous section, networks are central to the network paradigm.

“The central resource-allocation mechanism is the interorganizational network, with accountability being something to be negotiated at the interorganizational and interpersonal level within these networks (Osborne 1997). Importantly, such networks are rarely alliances of equals but are rather riven with power inequalities that must be navigated successfully for their effective working.” (Osborne, 2010, p. 9)

From a network perspective, public services are no longer delivered by a standard unit where there is the clear identification of input-activities-output, but take place within horizontal and inter-organisational relationships, which can equally involve public sector institutions and private providers (Christensen, and Læg Reid, 2010). These distinctive network features have stimulated a wide debate on network accounting and accountability (Agranoff and McGuire, 2001), with several scholars proposing and discussing performance management in and for public networks (e.g., Provan and Milward, 2001; Herranz, 2010; Cepiku et al., 2011; Agostino and Arnaboldi, 2018).

Here, we are discussing the specific features of the network paradigm for performance management compared to the mainstream NPM proposal. The framework is organised along the process of adopting a PMS and encompasses three main phases (see Table 1): design, implementation, and use (Bourne et al., 2000). This framework is then used to explore public transportation in Italy and its shift toward network configuration, as set out formally.

The first phase is PMS design. The contrast in narrative between NPM and the network paradigm is set out clearly in the concept deployed to define the unit of analysis, performance metrics, and targets. In the NPM scheme, emphasis was placed on downsizing and the need for more manageable organisations. According to this proposal, the unit of analysis is a single organisation, each with its centre of responsibility defined along hierarchical lines., for which the input-output logic can be clearly applied. This input-output logic forms the basis for the “three Es”: economy, efficiency, and effectiveness (Jackson and Palmer, 1992). The three Es have been a mantra for years within the framework of defining performance indicators in the public sector. This was coherent with the pressure to divide the public machine into smaller, more controllable units. Although there is no consensus, these units are said to be measurable according to their input-output delivery, for which targets must be defined. A common label used for targets in the NPM style is SMART: Specific, Measurable, Achievable, Realistic, Timed. The SMART label has been around for years, even in official documents (e.g., European Commission, 2009; Queensland, 2019).

By contrast, the network paradigm declared that the NPM segmentation logic had failed, with the idea that the division of responsibilities would have helped to improve overall performance in the public sector. For the proponents of the network paradigm, this was a major pitfall, given that

relationships with other administrations had been neglected and with it any capability to “optimise” performance overall (Osborne, 2006; 2010). The network logic suggested a multi-layered system (Herranz, 2010) with a performance system to account for the network actors (micro-level), interconnections (meso-level), and the overall service delivered (macro-level) (see, e.g., Provan and Milward, 2001; Herranz, 2010; Cepiku et al., 2011). It is thought that this novel unit of analysis—network—can catch and stimulate the pursuit of broader objectives, particularly Public Value (Osborne, 2006; O’Flynn, 2007; Alfort and Hughes, 2008). Performance indicators have become more complex and are designed to capture connections and the strength of relationships, giving scholars the chance to carry out sophisticated theoretical network analysis models (e.g., Provan and Milward, 2001).

The second phase consists of PMS implementation, and relates to the introduction of the measures previously identified within the organisational context. NPM and the network paradigm contrast in their operationalisation of performance measures. Following the NPM logic, PMS becomes part of the organisation’s formal components, often enforced through decrees and laws (Sanderson, 2001). This pressure to incorporate PMS formally within the organisation is coherent with the NPM logic to transform the public sector into subunits that are more autonomous and capable of controlling inputs and outputs, and where employees and managers are rewarded accordingly. The implementation of a PMS is never considered simple, but it is presented as a rational process that can be under the control of senior management. A good example of this approach is to structure objectives in a drill-down hierarchical path from organisations to individuals.

The network paradigm reversed this narrative, which was considered misaligned with a network-based structure in public service delivery. Network proponents suggested introducing open book accounting (Kajüter and Kulmala, 2005), informal interaction within the PMS implementation phase, and relying on face-to-face dialogue, behavior, and expectations (Romzeck et al., 2012). These informal relational mindsets in PMS implementation are said to provide network actors with the motivation to actively work within the network:

“Network participants that conform to informal behavioral norms and expectations are rewarded with subtle but important privileges such as enhanced reputation and advance notice of funding opportunities. Network partners that violate these norms can be sanctioned informally, perhaps by exclusion from communication channels or diminished opportunities for future partnerships.” (Romzeck et al., 2012, p. 450)

The third phase concerns PMS use, an issue often related to effective or ritualistic performance measures (Brignall and Modell, 2000). The way PMSs are used is read differently, according to the lens adopted. Following NPM, PMS is used with an emphasis on controlling the outputs and results achieved by the organisational units, rather than controlling the procedures. Moreover, PMS usage follows a predefined hierarchical line from central government to local areas and public agencies, and service contracts are introduced to ensure the accountability of single units. The network logic, with its emphasis on networks and inter-organisational relationships, has proposed other types of PMS use based on trust and transparency (Tomkins, 2001; Kastberg, 2016). According to the network proponents, trust is necessary for managing and controlling networks because the presence of inter-organisational relationships poses some difficulties for identifying a line of responsibility and, more generally, network accountability. Trust-based mechanisms of control can address the inner nature of the network, although there are contrasting positions on the interplay between trust and control. Leveraging trust, the broader accounting literature has also promoted open book accounting as a management practice to build peer-to-peer control over a network based on trust.

To summarize, the design, implementation, and use of PMSs are interpreted and adopted differently when moving from the NPM to the network paradigm. The questions to ask are: Do performance measures, introduced in an NPM context, fit with the network configuration? Can we talk about the co-existence of PMSs in a network world?

INSERT TABLE 10.1 HERE

Methodology

This research is based on a single case study (Yin, 2004) of an exemplary case of NPM and network in action involving a local public transport system in Italy. Local public transport in Italy is managed at the regional level of local government following the introduction of nationwide regulations, with public and private transport providers in charge of delivering the service and responding hierarchically to municipalities or provinces, depending on the local area served.

The Italian public transport sector has had to deal with key challenges in both NPM and the network paradigm. Following Italian legislation dating back to 1998 (Bassanini Law and Burlando Decree), in 2002, the local transport service was split into a set of subunits, where each subunit corresponded to one of the territorial areas (municipal or provincial) to be served. In this configuration, the service providers delivered the service within the subunit, formally controlled by the relative municipality or province through a service contract, and the Region had overall control of the whole regional system. In 2008, this system was heavily criticised for not offering an integrated public service, because the providers in each subarea operated without interacting with one another. This situation created a drive toward a network configuration, where the service providers and local authorities were all required to work together to ensure an integrated and coordinated transport service. This network configuration was pushed through regional regulations, signed informally in 2008, and through regional legislation in 2012.

In this study, the distinctive features of NPM and the network paradigm are discussed from a performance management perspective, with an emphasis on whether an NPM-based PMS can fit a challenging world dominated by networks. Data sources comprised semi-structured interviews, participant observation, and archival data. The first data source consists of semi-structured interviews with 28 informants, including managers at provider organisations, managers, and politicians from the public administration sector, and user representatives. Each formal interview lasted between 45 and 110 minutes, was digitally recorded, and then transcribed. The purpose of the interviews with representatives from regional, municipality, and provincial governments was to help understand the role of performance measures before and after the introduction of the regional law that brought in the network configuration (in 2012). Service user representatives were also interviewed to gain the perspective of everyday commuters. The interviews were intended to investigate the functioning, use, and usefulness of performance indicators requested and collected by transport providers. The interviews with representatives of transport providers were held before and after the introduction of the 2012 regional law, with the purpose of gaining the perspective of the single institutions, which complemented the policy perspective.

The interviews were completed by participant observations to explore the possible differences between what people do and what they say (Huxham, 2002), and to capture both the social interactions and the particular settings in which these occur. Some particularly meaningful observations were

made while attending the meetings organised by the Region to discuss the new network configuration in 2009 and 2010, especially in terms of gaining further insights into PMS and network actions. Here, the researchers were silent observers in discussions between various actors about how to collect, share, and use performance measures in the two settings.

Lastly, the archival data include the minutes of regional government meetings and presentations on local public transport performance, Citizens' Charts of performance results for each individual provider, service contracts, and annual reports that regulate the relationship between transport providers and the municipality or province of reference. Furthermore, during the interviews, it was possible to access the internal reports used by single actors, mainly service providers, to monitor their own activities.

The many sources of data were textually analysed, and the text was organised according to the PMS distinctive features of design, implementation, and use in NPM and network settings. The emergent themes of PMS in NPM and networks were cross-referenced with the theory to increase the internal validity of the case study material (Denzin, 1978).

Results: An exemplary case

This section presents the PMS for the local public transport system in a region of northern Italy (Lombardy), showing the distinctive features of an NPM-based and network-based PMS.

1 PMS in the NPM setting

In 2002, the local public transport system in the region of Lombardy was an exemplary case of NPM in action. A central regulation (Bassanini Law and Burlando Decree of 1998) introduced a hefty service deregulation, determining that for local transport services to be efficient and effective, the region was to be divided into 22 subunits (known as "*lotti*" in Italian, land plots or parcels). Each of these areas was hierarchically dependent on the local administrative body for that area, either the local government at the level of municipality ("Municipality") or province ("Province"), both of which, in turn, were hierarchically dependent on the Region of Lombardy. In each area, a transport provider was awarded the concession through a competitive tender in order to overcome the "old-style bureaucracy" of direct award contracts. The service planning and control were covered by a service contract signed between the service provider, either a private or public provider, and the local administration, either the municipality or the province. A standard set of KPIs was introduced to ensure efficient and effective transport service. The KPIs comprise the number of bus-km and the cost per bus-km, and were used to monitor the efficiency of the services. Service comfort, safety, regularity, and punctuality were controlled through a set of objective indicators to be "self-certified" by the providers themselves. Moreover, a bonus and penalty system was also introduced to motivate providers to improve the quality of their services while controlling costs. In practical terms, a bonus meant earning more as part of the providers' annual contract, while a penalty meant maintaining the "status-quo" (i.e., no additional money in the annual contract). Lastly, the KPIs, as agreed upon in the service contract, had to be delivered to the reference province or municipality on an annual basis.

This is an exemplary representation of an NPM-based PMS, with the fragmentation of a local public service into smaller and (presumed) standard units and strong input-output logic. Every territorial area was assumed to be equal, irrespective of the specific geographical configuration (e.g., a city vs.

a mountainous area), the expected demand, or the actual local provider in charge of the service (i.e., a large international provider vs. a small family firm). Each area was assumed to have a clear input, represented by the service demand, and a precise standard output to be achieved in terms of delivering a specific number of kilometres of services and ensuring specific standards of quality. During interviews with local administrators in municipalities and provinces, the NPM-based PMS was considered an optimal approach (“the solution” for some informants) to local public transport management:

“When public transport was not regulated through a contract, all we had was a piece of paper on which was written ‘The company Joe Bloggs will run bus route no. 1 from here to there with this time schedule. Bye-bye, see you next year.’ That’s it. Now, with this contract, I have to say ‘The Joe Bloggs company has some duties, we are setting some service standards backed by penalties... Everything has changed” (Mobility manager – Province A)

“Linking targets to bonuses and penalties drives company behaviour, it makes them look at improving service quality.” (Mobility manager – Province B)

Although the NPM-based PMS was enthusiastically welcomed by the service regulator (i.e., the province or municipality), the service providers reacted with less enthusiasm to what they perceived as over-control:

“We have gone from no checks, nearly complete freedom in how we manage our affairs to everything being controlled! Maybe the city councils’ expectations are very low for service providers, and that is why they check everything!” (General director – Transport Provider A]

Standardising and fragmenting a transport service managed through a standard set of KPIs defined contractually in advance was continually pushed for the next five years until every territorial area had been allocated to a service provider. However, over these years, some limits to the PMS began to emerge, inducing the Lombardy regional government to instead adopt the network configuration in the provision of public transport.

2 PMS in the network setting

The NPM arrangement lasted until 2008, when the Lombardy Region promoted the network paradigm as a way to overcome emerging difficulties connected to NPM in action. Although the idea of fragmenting a territory into areas and applying a series of standard performance measures was initially considered a great innovation in service management, in practice, local transport could not be delivered in a one-size-fits-all manner. If members of the public needed to travel from one local subarea to another in their daily commute from home to work, this implied facing a different provider, a different ticket, and a disjointed timetable. A bus could arrive five minutes after the “connecting” bus left. This resulted in higher costs to provide the service and low customer satisfaction. Notably, the almost 30 service providers involved were of different sizes (some large international companies and some very small family-managed firms), as was their approach to PMS. For example, large providers counted their passengers using meters or other devices, while small providers simply estimated theirs.

These difficulties convinced the Lombardy regional government to organise a series of meetings bringing together key actors in local public transport, including representatives of local authorities in provinces and municipalities, representatives of service providers, and citizen representatives. The main purpose of this series of meetings was to reorganize the provision of services, taking into account horizontal relationships and the need for coordination between service providers. The network configuration was a dream of being transformed into a real organisation for service delivery. The Lombardy regional government was inspired by a series of organisational transformations to local public transport that were taking place in many European cities, including Madrid, Berlin, Paris and London:

“We are benchmarking the performance indicators and organisational structures relating to transport services in Italy, especially in Lombardy, with those of other European cities. The main result of this analysis is that our transport service is heavily fragmented with lots of providers, each of them busy delivering a small part of the service. This means higher costs, lack of coordination, and poor customer satisfaction, as the data we have collected shows. We need to increase collaboration and cooperation between actors.” (Lombardy regional government, head of transport unit)

The outcome of these meetings was to reach an agreement, known as “*Patto per il Trasporto Pubblico Locale*” (Local Public Transport Pact), in 2008, which was turned into a regional law in 2012 (Regional Law no. 6/12). The purpose of this law was to create a network for local public transport that ensured a coordinated and collaborative service. In practice, this was fulfilled through the creation of five smaller networks in Lombardy to replace the 22 subunits (see Table 2).

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Each of the five networks was managed by a group of representatives from the territorial areas involved (municipalities, provinces, service providers, and users). This revised configuration followed the network paradigm of stimulating horizontal relationships and coordination between providers within the same network. Moreover, coordination and management of each network was not regulated hierarchically but took up the suggestions for a horizontal and more informal approach. For example, the recommendation was to set up an annual network meeting, giving users the same importance as service providers and local administrations. The network meeting had a consultation and user engagement role, in line with the governance logic of horizontal relationships, trust, and informal accountability (Romzek et al., 2012). The reference to “public value” was rendered only implicitly, and more emphasis was placed on introducing a set of KPIs for the entire network to monitor the overall transport service at the regional level. The major novelty of this set of KPIs was, therefore, that local public transport performance could be determined at the regional level rather than by a single unit, providing a more complete picture that could support better policy processes. There were no KPIs to check how the network was functioning, as a more informal and relational-based approach was, instead, required. In terms of PMS implementation, an IT system was developed by the region to develop a shared database for each network actor (i.e., a service provider). Lastly, in terms of PMS use, these data were supposed to serve the needs of all the actors involved. The region could use the data for policymaking, the individual service provider to improve their service delivery (including in comparison with the others), and the user/general public to be better informed about the performance of their local public transport.

3.PMS in NPM and network settings

The design, implementation, and use of the PMS in the two logics—NPM and network—were significantly different. Following the NPM logic, a PMS was designed for each service contract in a standard way and introduced a set of KPIs to monitor the efficiency and effectiveness of each individual provider. The key assumption is the presence of a single unit of analysis (i.e., a subarea with a single provider), which helps identify the inputs and outputs needed to define the KPIs. Performance design following the network paradigm presents several difficulties due to the presence of the network as an organisational unit rather than a single unit. How can we identify an indicator for the network and calculate the network value? We considered the measure of punctuality. The calculation of punctuality for the whole network immediately appeared to be a great challenge, since each individual provider uses its own metrics to calculate punctuality. One provider calculated punctuality as the percentage of buses arriving within 3 minutes of the scheduled time. For others, it was within 5 minutes, and yet, some only tracked punctuality on a random basis and not systematically.

The heterogeneity of the actors in the network was even more pronounced during the implementation phase, which brought out a different PMS backstory for each network actor. For some providers, typically the larger companies, the approach to measurement and control was a well-established practice. These companies employed advanced monitoring tools to collect real-time service KPIs. The largest provider in the network, for example, had a monitoring room to keep track of any disruption to service in real time, as well as the service's regularity and punctuality, calculated for each bus route. The smallest service provider, on the contrary, was not used to measuring performance, and its approach to service management was to "follow its nose." When it was required to collect data and calculate indicators measuring service punctuality or simply state the number of transported passengers, it estimated the value, a fact that clearly created a number of problems in terms of making comparisons among data from different actors in the network. The difficulties of fitting PMSs into a network logic were also highlighted by the official responsible for the transport service in Lombardy:

"The situation is patchy. There are some virtuous regulators, such as the B City Council, where they have technicians with very good IT and management skills for dealing with performance measures. They can fill out the entire report and deliver data on time. Other smaller city councils do not have the skills to do this, and we are missing data about their performance." (Director of the tariff unit – Lombardy regional government)

With reference to PMS usage, another significant difference emerged when comparing the NPM logic with the network logic. When public transport is conceptualised as a set of standard and single units, performance is used by the service regulator to determine bonuses and penalties in a strictly hierarchical and rational way. When public transport is conceptualised as a network, the Lombardy regional government elaborated on a set of KPIs to monitor the network as a whole, with the idea that setting a "high-level value" would have stimulated collaboration and cooperation between the parties. The result of using the network PMS was not what was expected. The Lombardy regional government was not able to compute network values because the data collected by each service provider were unreliable (mainly due to the weaknesses set out above, relating to different metrics and different

operational procedures). Service providers did not use the network KPIs, considering the data to be too aggregated to be used for their own service control procedures:

“We collect measures for our organisation that are included in our information system. These data are then used to support decisions about how to reorganise the service, for example changing the scheduling of one bus-route or modifying a route. At the same time, we have to reorganise part of the data we collect in order to fulfil network requirements. The data we collect for the consortium are the same, but the level of detail is different.” (General director – Transport Provider S)

Service users, who gained greater importance with the network configuration, did not use the KPIs provided in the mobility charts but developed their own set of measures and informal assessment parameters based on sharing real-time information through social media groups or emails:

“Look (pointing at a laptop screen), these 34 mails are just for today’s transport problems. Passengers tell us about the issues they face on the bus lines they use. Problems vary widely, from air-conditioning not working and bad punctuality to the poor condition of a bus shelter. We track all this information and then take action on the basis of the complaints we receive.” (Service user representative)

This transport case can stimulate reflections on whether PMSs, which had been developed to standardise single units consistently with the NPM logic, can fit into a network context with its heterogeneous set of actors organised into informally managed and coordinated networks. The disparities between PMSs within the two logics emerged throughout the entire process of implementing a PMS, and they were mainly attributed to the background organisational structure for service delivery—that is, a single, standard, and hierarchical dependent unit versus multiple, heterogeneous, and interconnected units.

Conclusions

In this chapter, we have provided an overview of the distinctive elements of NPM and the network paradigm, examining performance measures in the context of local public transport. It is important to note that, although the empirical setting of public transport is context-specific, the dynamics of NPM and the network paradigm can be visible even in other public services in other countries. The main conclusion determined in this analysis is that the network paradigm is an academic narrative illusion, in which the novelty network elements have been manufactured and overemphasized and performance measures have been pushed accordingly. We are not arguing that the key elements that characterise the network paradigm do not exist but that the network concept has been taken out of context, removed from other specific features of the public sector, and played up in academic literature. This has encouraged a wider academic debate on governance and networks, in which NPM features were re-read in a network logic. For instance, when analysing effectiveness, if the public sector is framed as a network of nodes, then network analysis theories and calculations can be applied.

Local public transport, the case under investigation, presents an exemplary case of this narrative illusion. Examined through the NPM lens, local transport is a set of units that operate independently and are measured individually. These units, however, are subject to regulations and norms to ensure that the service they provide is effective from the perspective of the end users and efficient in terms of public spending. According to the network logic, instead, local transport can be viewed as a

network where all the subunits work together for the benefit of their end users, self-adapting in their search for efficiency and optimal configuration. The input–output logic is always there. However, our investigation of everyday practices in a PMS shifting from an NPM to a network configuration revealed some distinctive elements of this last configuration. In particular, there is a co-existence of hierarchical PMS elements pushed by the NPM facet and the more informal and socialising PMS components pushed by the network facet (Agostino and Arnaboldi, 2018; Agostino and Arnaboldi, 2017; Skelcher and Smith, 2017). Although we do not support the idea that there is a clear separation between the two configurations, we believe that the features in the PMS change in the transition from NPM to the network paradigm, creating a hybrid situation. In our view, these changes become visible only when “real-world” practices are analysed, thereby capturing the hybridity between the two spheres rather than studying them only through different and separate theories.

Starting from the empirical evidence and our previous arguments, in this conclusion section, we reflect on the difference between NPM and network academic studies. At a broader level, the type of research approach that emerged for the network paradigm goes in the direction of a “mythical abstraction” (Foucault 1979, p. 5), in which there is an academic desire to apply specific theories and methods in the search for an interpretation of political power and the role of governments. Although abstraction is key to academic studies, this investigation within the network world has created a progressive disaffection toward the analysis of more mundane practices, or, drawing on Rose and Miller’s seminal contribution (1995) to the study of governmentality, intended as:

“[...] a certain way of thinking and acting embodied in all those attempts to know and govern the wealth, health and happiness of populations. Foucault argued that, since the eighteenth century, this way of reflecting upon power and seeking to render it operable had achieved pre-eminence over other forms of political power. It was linked to the proliferation of a whole range of apparatuses pertaining to government and a complex body of knowledges and ‘know-how’ about government, the means of its exercise and the nature of those over whom it was to be exercised.” (Emphasis inserted, p. 192)

The detailed and sometimes frankly boring analysis of “apparatus,” as well as the knowledge and means to exercise them, is, however, crucial for understanding the changes and capturing the stratification in the narrative. Taking as reference the case of local transportation reported in this paper and moving forward to current narratives (the regulator’s official website, 2019), it is evident that NPM and network themes are both present but that there are other issues. The documents on the regulator’s official website include the following key topics:

- Improving energy efficiency for vehicles used in all methods of transport, delivered through the development and use of sustainable fuels and propulsion systems
- Improving the domain of alternative transport methods, especially in urban areas
- Adopting measures that encourage traveling on foot or by bike as an integral part of the infrastructural planning process, and within urban mobility in particular
- Making more efficient use of transport and infrastructure by introducing better information and traffic management systems
- Expanding the use of collective transport methods
- Optimizing efficiency in multimodal logistics chains through methods that use resources more efficiently
- Integrating modal networks more closely, connecting airports and train, bus, and underground train stations and transforming them into passenger-centric multimodal connection platforms

- Enabling integration by expanding the area of online information systems and electronic booking and payment systems that bring together all transport methods. Information on traveling times and suggested alternative routes plays a major role in ensuring seamless door-to-door mobility.
- Emphasizing the progressively important aspects linked to the quality, accessibility, and reliability of transport services

Although governments accumulate narrative elements, the real diversity lies in the way these themes are enacted. The accumulated narrative of the white paper still includes the NPM “mantra” of effectiveness and efficiency, and the network structure is also present in the form of intramodality and integration. In terms of new trends, the white paper reports on two highly topical and recurrent issues that are pushed by the European Commission and other international bodies: sustainability and digital technology. This means that both front and back offices must be investigated (Power, 1996).

To conclude, NPM and the network paradigm have a (manufactured) narrative layer that overemphasizes a difference between them in order to mark a break from the past but also to open a diverse theoretical stream. The investigation of back-office practices has suggested that the situation is less clear-cut and that there are resilient NPM issues and additional network elements. The merit of the network paradigm has been to revitalize the academic debate on the methods used by governments and their capability to deliver a service. There is now an opportunity to go back to the practical level, especially in terms of an ongoing analysis of two new elements that are, more or less, subtly entering government operations—digital and analytics.

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Performance management	NPM	Network paradigm
PMS design	A single unit of analysis	A network of organisational units
PMS implementation	Organisationally centred Hierarchical	Informal Inter-organisational
PMS use	Output controlled through the hierarchical line	Trust-based relationship and horizontal control

Table 10.1. Performance management features: A comparison between NPM and the network paradigm

Source. The table was completed by the authors

Year 2013	Demand Pax (million)	Offer (Bus*km) – million	Revenues/costs (ratio)	Staff no.
Network area 1	43.1	22.0	44.3%	950
Network area 2	51.9	30.1	35.6%	1.364
Network area 3	57.5	34.0	38.9%	1.430
Network area 4	17.0	17.0	34.3%	645
Network area 5	582.4	193.5	52.3%	11.004
Total (excluding rail)	751.9	296.6	47.9%	15.393
Rail	135.6	211.0	44.2%	5.181
Integrated	80.3			
Regional total	967.8	507.6	46.5%	20.574

Table 10.2. Dimensions and size of network areas for local public transport

Source. The table was completed by the authors

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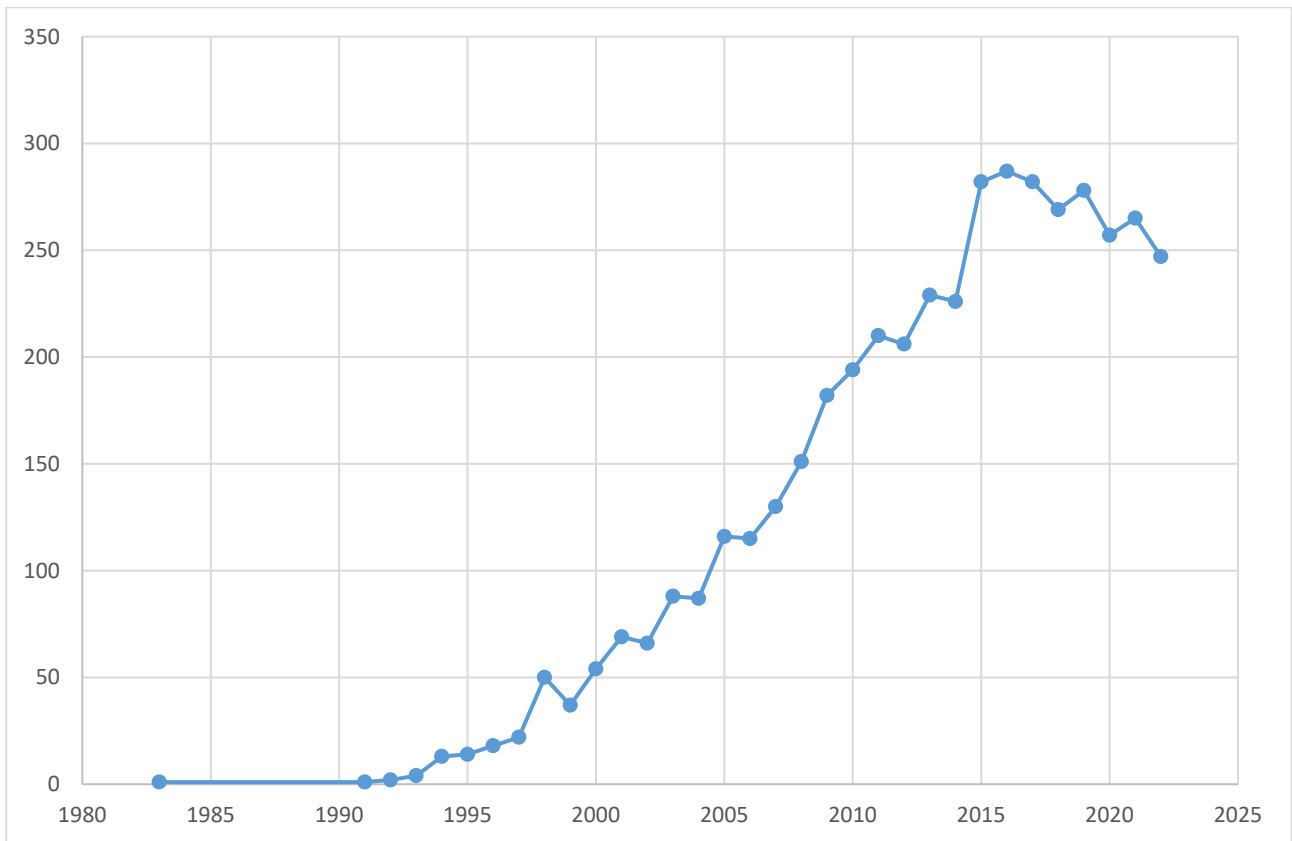


Figure 10.1 New Public Management studies in Scopus, searching for “New Public Management” in the field “abstract, title and keywords)

Source. This Figure was prepared by the authors from publicly available information on the Scopus website (www.scopus.com)